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VOLUME CIV, NO. I

The New Year

THAT hope which, according to poetic authority, springs eternal in the human breast, may be relied on to give us all fresh courage to face the twelve months upon which we are just now entering. Whether there is a more solid basis for this courage than the perennial optimism of mankind does not clearly appear. Hardly a month elapsed during the year just closed that did not bring assurance from some economic or financial authority that the worst was over and the corner had been turned. There is a proverb which says that it is a long lane that has no turning. In the light of our experience, a new proverb might be invented to the effect that the turnings of some lanes are very long. If the authorities referred to were accurate in their prognostications, we have been a long while getting around the corner of our economic depression.

Probably a more conservative view would be that we have not turned the corner, but that we seem to be getting pretty well down the lane, with the corner in hailing distance. Whether the worst is over is more than any one can with surety assert. The financial and political situation in Europe remains cloudy, and until the danger from this source is cleared up we can not be sure of freedom from economic disaster greater than any yet known. Efforts are being made to relieve the tension on this account, and these efforts may prove effectual; but while this threat hangs over the economic situation in Europe, the United States, and indeed the entire world, there is no wisdom in shutting our eyes to its dangerous character.

One thing is certain, namely, that our own economic situation has become inextricably linked with that of Europe. Talk as we will of our isolation, it can be no more than talk, and of the idlest kind.

Fortunately, there are some signs of a bettering situation here at home, especially in the decrease of unemployment and the revival in the building industry. But manufacturing in many lines still languishes, and trade, both foreign and domestic, is greatly depressed. The record of commercial failures for the year is the worst in our entire history. Our railway problem yet remains unsettled.

Congress has made a considerable reduction of taxation but has shown little appreciation of the great need of economy in public expenditures, while the disposition to impose punitive taxes on wealth still prevails.

The facts of the situation as disclosed by the history of the past twelve months afford scant basis for an excessive degree of optimism, but they evidence our ability to withstand, thus far at least, a shock of unprecedented severity. Under this tremendous strain our business has been carried on, even though in attenuated volume, and our banks have survived. Liquidation, though still far from complete, has been carried to an extent which makes it possible for us to contemplate a possible future storm with much greater equanimity than was possible two years ago when our sails were broadly set.

The best guaranty of the future lies in a public opinion that will insist on a policy of the strictest economy in governmental expenditures, a more sweeping reduction of taxation, and the fostering of such policies as will help in restoring the profitable conduct of industry and trade, so that the unemployed may find work.



International Financial Problems

PRESUMABLY after the conclusion of the conference for the limitation of armaments an international meeting of some kind will take place for the purpose of dealing with financial problems. These problems have to do with the balancing of budgets, the reduction of paper currencies and the stability of exchange. There has been a good deal of opinion to the effect that these are matters to be adjusted by the respective states rather than by international agreement, but opinion is gradually veering around to a contrary direction. Many financial experts believe that these problems are too large to be settled in any way except through international agreements of some kind.

Assuming that the Washington program for the limitation of armaments shall be carried out, this will constitute a long step forward in bringing about conditions that will make it possible for some of the European countries to bring their revenues more nearly up with their expenditures. As the heavy taxation which military and naval outlays require renders necessary the issue of large amounts of paper currency, the cutting off of these expenditures will on the other hand make it possible for some of the governments to reduce their paper circulation. The Disarmament Conference will, therefore, be the first step and a most important one in the

direction of international financial rehabilitation, since it will bring about largely decreased expenditures.

It seems not improbable that following the Disarmament Conference there will be a convocation of some sort to deal with international financial questions. Even should this conference be called in the near future it is difficult at present to forecast what remedies it may propose. These may take the form of an international bank or agency, or some kind of a vast loan to be used as a sort of international revolving fund to be applied at the most dangerous spot as occasion may require, or it may take the form of a manipulation of exchange through some of the devices which have been employed both during and prior to the war.

It has been said that opinion is tending to regard the intervention of governments in international finance as a necessity. This intervention is provided for the Ter Meulen scheme, which is in the course of being put into operation in Europe, and which calls for the government's guarantee of the importers' credits. A somewhat similar expedient is now in actual employment in the United States through the War Finance Corporation whose operations help in the export of American products. The fact that the proposed Foreign Trade Financing Corporation failed to get under way in the United States may also be taken as an indication that the financial problem at present is one too vast for private enterprise.

It is quite possible that it may not be necessary for the governments to enter into any joint financial undertakings in the direction indicated, but substantially the same purpose may be achieved if, as a result of a financial conference officially convoked, some method of co-operation could be devised which would have at least a *quasi* official sanction such as would be conferred by the character of a conference composed of delegates officially appointed by the various governments interested.

Very likely the effect of some practicable plan of international co-operation would act as a strong tonic on the world's credit situation.

The world has arrived at the point where in international finance each country cannot be left to work out its own salvation. A healthy financial situation in all of the leading countries of the world is of major importance to every country. If this fact is realized, and effective means taken for bringing to the weaker countries the help of the stronger, it should powerfully tend toward a restoration of financial confidence throughout the world.

Perhaps in most of the discussion of international financial problems a tendency has been manifested to expect too much of the United States. Fortunate as is the financial position of this country, it is not such as to enable us to take upon our shoulders all of the world's burdens. We are doubtless in a position to exercise

leadership, but effective leadership implies faithful co-operation. The problems to be worked out are certainly great enough to call for all the strength which the united nations of the world can offer. If through the medium of an international financial conference such co-operation could be brought about in behalf of a few sound and simple financial measures, it should go far toward remedying the prevailing distrust.

While some new forms of financial mechanism may be required to meet what is essentially an unprecedented situation, it will probably be found that less reliance is to be placed in these expedients than in compliance with well established principles. Economy in governmental expenditures, and efficiency in carrying on all industry and trade, the strict performance of obligations, and a determination to return to a sound currency system at the earliest possible moment, will probably do more to restore confidence and bring about normal conditions than any plan which the most expert financier can devise.

It may be necessary for an international financial conference to lend a willing ear to some device to bridge over the present situation, but it should be regarded more as a temporary expedient that cannot permanently replace the principles upon which sound finance has existed for the last one hundred years.



The Ter Meulen Credit Scheme

THE plan put forth at the Brussels Financial Conference, and which was expounded by its organizer, Sir Drummond Fraser, at the recent convention of the American Bankers Association, is essentially a method of re-enforcing private credit with governmental support. The necessity for such an extraordinary expedient of finance, of course, arises from the shattered state of credit in Europe following the heavy expenditures entailed by the recent war. It goes without saying that private credit is in a very bad way when resort must be had to such an unusual course to sustain it.

In ordinary times the employment of government credit in this way could not fail to be of very great service in bettering the credit of individuals. These are not ordinary times, however. It so happens that most of the governments of Europe that would be called upon to make further pledge of their credit are already in default of their own obligations and in several cases to a very large amount of both principal and interest. Under such circumstances it is difficult to see just what benefit would be conferred upon the credit of

individuals by an offer of governmental support. The guaranty of a bankrupt offers but a slim reliance to the creditors.

Instead of making this further exceptional use of their credits the debtor countries of Europe would probably help their commerce and industry quite as effectually by first endeavoring to restore the confidence of the investing world in their own solvency. This restoration of confidence would certainly not be helped by the creation of further obligations which could only tend to weaken an already depleted credit.

In certain quarters much reliance is being placed on the efficacy of the Ter Meulen credit scheme and it will be unfortunate if these expectations fail of realization. With the credit of the European governments so badly shattered as at present, it is difficult, however, to see what basis exists for any other outcome.

The more closely the European credit situation is studied the more apparent will it become that however promising some of these expedients may appear to be at the outset, they can offer little hope of amelioration when put into practice. The way out of debt is to work hard, to save and to pay. It is probable that if there were some easier way of handling one's indebtedness it would tend to a perpetuation of obligations and operate to discourage their payment.

If the great burden of debt arising from the war could be wiped out by some magical process of cancellation, it would tend to lessen the horror with which nations are gradually coming to regard international armed conflicts. If the peoples of the respective countries who engage in war shall be held to payment to the uttermost farthing, they may in time come to put a check upon the military ambitions of the statesmen and rulers who guide their destinies.

Every humane person must regard with approval all wisely considered measures for diminishing the loss of human life as a result of war, but it is questionable whether or not any real service to humanity is rendered by wishing that the cost of war be either diminished or obviated altogether. The knowledge that war is the most expensive pastime in which mankind can engage should afford a lesson that will in time sink into human consciousness. It is incumbent upon the people of the respective nations of the world to think more intensely of the expenditures which war entails before these conflicts take place rather than afterwards. Having in mind the tremendous loss of life and the enormous expenditure of treasure resulting from the late war, the peoples of the various countries should the more urgently demand that hereafter every possible measure be taken to render like conflicts impossible.

Before the outbreak of the Great War many of the nations of the world were engaged in military and naval rivalry and in trade and territorial controversies which were certain to involve some of

the countries in war. The statesmen and rulers of the world went ahead with these policies without receiving any check from their constituencies, who evidently regarded with approval the course that was being taken. In view of this fact it is now rather late for those who must pay the cost of the war to seek for some means of ridding themselves of an obligation which their own indifference imposed.

When all is said, the fact remains that if people want war they must pay for this expensive luxury. If they do not wish to pay they should not only give their unhesitating support to all measures calculated to avoid war, but insistently demand that their rulers adopt peaceful policies.



Reinvesting Our European Loan

THE suggestions made in the December number of THE BANKERS MAGAZINE and which were also repeated in substance by Mr. Vanderlip in his address before the Economic Club in New York on November 28, for reinvesting the sums due us from the European governments in various forms of productive and transportation enterprises in these countries, is well enough in theory but unfortunately its practical application is very difficult. The reinvestment of a sum already loaned out presupposes its payment, and there is no immediate prospect of any substantial part of the European indebtedness to the United States being paid off. However attractive, therefore, this proposal may be from a theoretical standpoint, it will not amount to much practically until we begin to receive payments on account of the European debt.

As pointed out in the December number of THE BANKERS MAGAZINE, there is another difficulty which will hinder the reinvestment of these loans in Europe since they were made by the Government of the United States and not by the bankers of the country. It would not be difficult to devise some financial expedient to overcome this obstacle. In a sense, so long as the loans remain unpaid, they are being reinvested although such reinvestment is compulsory rather than voluntary.

If the European countries that are indebted to the United States would put forth extraordinary efforts to meet their interest obligations and gradually to pay back some of the principal sums due, means could doubtless be found for reinvesting these amounts in restoring the transportation and manufacturing activities in the countries that suffered most from the war. The confidence which such payments would tend to restore, and the good effects of their reinvestment in European enterprises, should gradually tend to the restoration of normal economic conditions in Europe.

It is not very encouraging in fostering the investment of American funds in the European countries to have the United States furnish fresh loans for the purpose of meeting accumulated interest obligations on the debts. The lending of money for the purpose of paying off a loan is one of the most familiar expedients of finance, but its efficacy is considerably weakened when such fresh loans must be made applicable to taking up defaulted interest. This is one reason why further European financing by American bankers fails to attract interest.

At the first signs of returning solvency among the governments now heavily indebted to this country, and of which indication there could be no stronger manifestation than the taking up of defaulted interest obligations, doubtless American banks will be eager to make reinvestment in the productive enterprises of Europe.

Mr. Vanderlip in his New York address pointed out that the opportunities for the investment of American capital in certain parts of Europe were comparable to those which have existed in the Mississippi Valley and western regions of the United States. Unfortunately, the political and economic conditions are far less stable than they were in those sections of our own country. Until these unusual risks are removed it is too much to expect that American capital in very great volume will go abroad for investment, especially when in these times there are still so many fine opportunities for profitably and safely investing capital at home.



Our Growing Investment Demand

ONE of the notable financial developments of the time is the large and apparently growing demand for high grade securities. Notwithstanding the fact that issues follow each other on the market in rapid succession, they seem to be readily absorbed and in a number of cases there has been a sharp rise in price immediately after the issue was announced. If this tendency continues very long it will result in high grade bonds being offered at a much lower rate than has been considered necessary for some time in order to attract investors.

We may still be a good ways off from the old four per cent. rate which for many years prior to the war was considered an ample return on securities of the best class, but it can hardly be expected that sound securities will be offered much longer on a basis approximating double the figure named.

The heavy demand for investment securities is probably due to several causes. In the first place, our large accumulations of gold have given the banks ample reserve funds and have tended to lower

interest rates. The falling off in business enterprise has also tended to add to the supply of available banking funds on lower terms. As the demand and opportunities for employment of funds in manufacturing and commercial enterprises have declined, the surplus funds have naturally sought investment in the security markets. Another cause for the active demand for bonds is also to be found no doubt in the disposition of those having large incomes to divert their funds from investment in enterprise to tax exempt securities. If this demand continues it will lead to such bidding for securities of this character as to enhance their price unless the various states and municipalities should take advantage of the opportunity to offer securities in such volume as would fully meet the demand for them.

Although the United States has been criticised for its lack of interest in foreign loans—an indifference which might easily be explained in view of our experience with many of those already made—yet it will be found that we are gradually becoming very heavy holders of foreign obligations. Every few months some foreign flotation of quite large amount is announced and these offers are readily subscribed. It is hoped that our more recent foreign investments may prove more fortunate than some of those heretofore made, although ground for this hope hardly exists in the economic and political conditions prevailing in some of the countries to which advances have been made. It is even questionable whether American bankers have in all cases in making these loans exercised that degree of prudence which is alone consistent with safety.

It is quite true that the lending of money abroad will tend to foster our international trade, but it is equally true that if these loans prove uncollectible this fact will develop a friction between the United States and its debtors largely tending to offset the advantages of increased trade.

Regret must again be expressed that we have thus far failed in the attempt to organize and put into operation a large international financial corporation that would thoroughly examine the basis of all the foreign offers made in this country, and would put these offers up to the public only after such careful investigation as would reasonably assure their safety. In saying this it is not intended to reflect in the least on the banks and international banking-houses that are now engaged in marketing international securities. Many of these banks and banking-houses have developed great skill through long years of handling foreign loans, and their integrity is beyond question. Admitting all this, however, there would seem to be a real need for an institution of the character indicated. If the Foreign Trade Financing Corporation had been organized and had operated in accordance with the plans of those engaged in its formation, it should not have interfered in the least

with the existing banks and banking-houses that are handling international securities but in time should have so broadened the American market for securities of this character as to afford even more business for the existing agencies than they are now handling.



The Taxation of Wealth

IN studying the surtaxes imposed by the new Revenue Act ranging from one per cent. on incomes between \$6,000 and \$10,000 up to fifty per cent. where the net income exceeds \$200,000, the question arises as to the disposition those having large incomes will show in continuously contributing such large amounts to the Federal Government. So long as our war indebtedness remains unpaid there must of necessity be imposed upon the country very heavy taxes; but in time, as these debts diminish, the necessity for such burdensome taxation will disappear.

Since we are not likely soon to receive payment of our foreign loans, which would enable us to reduce our own public debt, we are likely to be under the necessity for a long time of imposing heavy taxes. So long as this necessity exists, these taxes will be borne with more or less toleration although statements have already been made that the wealth of the country is not at all reconciled to contributing so large a share of its gains to the public exchequer.

It will be interesting to note what effect these heavy taxes will have in the course of time on the earnings of individuals and corporations. If so large a sum must be absorbed by the Federal Government it may be doubtful whether the incentive to earn these large gains will longer exist. The joy of making money solely for the pleasure of paying it out in the form of taxes is one that has escaped general observation.

At present, as already stated, these heavy taxes represent contributions that must be made out of the accumulations of wealth to meet our huge public debt. To this extent they are entirely defensible. To the degree that such taxes are imposed with the idea of checking the accumulation of wealth, or in effecting a redistribution of the gains of industry, the justification of such taxes may be brought in question. Huge sums exacted from the people in the form of taxes tend to beget extravagant appropriations by Congress. Indeed, even the heavy payments required to meet our debt obligations do not seem sufficient to restrain this propensity on the part of the legislative body.

While no opposition is justified to the collection of taxes to take care of our public debt, and to meet the other necessary expenses of the Government, such objections can readily be raised against

the taking from private individuals of a large share of their gains to be employed in doubtful philanthropic activities initiated by the Government at Washington. If such gains were left in the hands of individuals they would in most cases be reinvested in other productive enterprises, and would therefore be performing a service to the people quite as great as would follow their use in any scheme that can be devised by the average legislative wisdom existing at Washington.

Productive enterprises of this country and of the world are always in need of all the gains which industry can make, and these gains can be better employed in the interest of the whole people at large by leaving them in the hands of those who made them than by pouring them into the public Treasury to be voted out and extravagantly employed under the authority of the Federal Government. The same degree of skill and financial ability required to earn these gains in the first instance will assure their reinvestment to the public benefit. No evidence is at hand that the Government can possibly make such wise use of these funds as has been done by those who earned them. Examples of inefficiency and extravagance in governmental intervention in enterprise are too numerous to justify any hope that the public would gain by diverting the revenues of corporations and individuals into the Treasury, and taking them out of the productive enterprises of the country.

While very fully approving of all taxation that may be essential to meeting the requirements of the public debt, and other justifiable expenditure, the people of this country should narrowly watch any disposition of Congress to absorb the gains of industry solely for the purpose of employing them in governmental schemes of doubtful value which are certain to entail an unwise use of funds which have been accumulated through the industry of our workers and the skill of our captains of industry.



Federal Regulation of the Sale of Securities

AT the last annual meeting of the Investment Bankers Association of America there was considerable discussion of proposals for regulation of the sale of securities by the Federal Government.

Some time ago a bill was introduced in Congress known as the "Federal Fraud Act." Its introduction came as a result of the joint activities of the American Bankers Association and the Investment Bankers Association. This bill provides for the appointment of a Securities Committee by each of the Federal Reserve

Banks; each committee is to keep informed as to securities sold or offered for sale within its district, and if it is found that in the sale or offer of securities involving use of the mails or other interstate or foreign commerce agencies fraud is being practiced, the committee shall report to the Attorney-General who may make an investigation. The Attorney-General may also proceed upon complaint from sources other than the committee. If it is found that fraud is being practiced, the Attorney-General, may, under the provisions of the bill, issue an order requiring the cessation of fraudulent practices. This order would operate something like an injunction but would be subject to review by a Federal District Court, from whose decisions an appeal would lie.

While it is not intended that this bill shall take the place of the blue sky laws, it would seem, nevertheless, to meet all reasonable requirements in the protection of the public from the sale of fraudulent securities.

In discussing the proposal for Federal regulation of the sale of securities, M. A. Traylor, president of the First Trust and Savings Bank, Chicago, stated before the meeting of the Investment Bankers Association, that while Federal supervision over the issue of securities is urgently needed to protect the people against unscrupulous promoters, such legislation should not go to the extent of interfering with the marketing of sound securities.

Very likely many of the so-called blue sky laws have already gone much farther in this respect than is either desirable or necessary, and it is to be hoped that some simple provision like the bill already referred to may gradually take the place of these more closely restricted measures which the states have already adopted.

In speaking before the Investment Bankers Association Mr. Traylor pointed out that a fraudulent sale of securities could not take place without an intent to defraud, and he stated that in many cases losses were due to misguided business ventures rather than to out-and-out frauds. He also called attention to the fact that restrictions on the sale of securities would likely be followed by further restrictions on commercial loans made by the banks. On this point he said:

"If they can tell you gentlemen first what you can sell, and then tell the investing public what they may buy, then how much farther is it before they can tell, through the same principle, the commercial banker upon what security he shall loan his money and under what terms and conditions; and how much longer will it be before they will tell us what character of proposition we shall finance, because, after all, what is the difference between the loan I make for the promotion of American industry and the loan made as the representative of the buyer? What is the difference? In its final analysis there is not a bit in the world. If there is any difference at all to

the trusteeship I have over deposited funds in my care, there should be greater restrictions upon the character of loans I should make as a banker than of investment of the funds I have accumulated myself."

Both the state and Federal governments have already thrown important restrictions around the conduct of banking, but notwithstanding these restrictions each bank has a great degree of liberty over the kind of loans it shall make. The theory upon which public regulation of banking has been based has not contemplated an interference of the Government in the active management of the various banking institutions.

It is difficult to see how any substantial injury would result to individuals if the laws relating to the sale of securities were to embody the principle that securities should be offered in all cases merely for what they represent. If this simple provision were complied with, the element of fraud would be eliminated in all cases. Quite frequently a useful purpose is served by the sale of securities which have little or no present value, but whose prospective value is very great. Indeed, if the sale of securities of this character is to be stopped, it will tend quite seriously to impair the development of many enterprises. The only harm to the individual results from the offer of securities of prospective value as if they had a present value. After all, about the only thing necessary in offering securities to the public is that the truth shall be stated in all cases.

Excessive zeal on the part of governments to protect the individual from the consequences of speculative investments is liable to interfere with the development of enterprise, and probably represents an excessive degree of paternalism.

The investor who buys securities without first having made careful investigation, or who buys with the expectation of reaping enormous profits, needs but little public protection from the consequences of his own acts. His most effective protection will come from the experiences obtained through such ill-advised employment of his money.

Much of this protective legislation arises from a pretended desire to safeguard the "widow and orphan"—rather indefinite terms frequently employed to justify various forms of paternal legislation. Probably the widow and orphan lose their funds through unsound investments less frequently than greedy and light-headed persons who become infected with the desire to make money suddenly without any thought of whether the enterprise in which they put their money renders any service to the public or not. Such individuals should not have much public sympathy wasted on them, but may quite safely be left to reap the consequences of their own folly. By getting their fingers burned often enough they may learn to avoid the fire.

Segregation of Trust Funds

ACCORDING to a provision of the Federal Reserve Act national banks acting in a trust capacity are thus required to deal with trust funds awaiting investment:

"Funds deposited or held in trust by any bank waiting investment shall be carried in a separate account and shall not be used by the bank in the conduct of its business unless it shall first set aside in the trust department United States bonds or other securities approved by the Federal Reserve Board."

A regulation to carry out this provision of the law has been promulgated by the Federal Reserve Board.

A New York national bank that has established a trust department objects to the requirement in question on the following grounds:

"It therefore follows that a burden is placed on the national bank acting as trustee under a corporate mortgage where large sums are deposited with it for the payment, at maturity or otherwise, of the obligations of the mortgagor company. It may follow that the national bank has not sufficient investments that it can release for such purposes, in which case its activities are limited or rendered nugatory by the idle use of the funds.

"We are informed that trust companies, created under the laws of this state, *are not required* to make any deposits with themselves or otherwise, other than the securities deposited with the state authorities for the protection of private or court funds, which the national banks in this state are also required to deposit upon assuming fiduciary powers, and which deposit the Harriman National Bank has made.

"It is, therefore, our contention and belief that the requirement of Section 5, Regulation "F" Series of 1919, imposes a condition upon national banks (exercising fiduciary powers) which destroys competition with trust companies in this state by limiting our corporate activities to the extent of our investments at disposal and, therefore, the very purpose of allowing national banks to compete with trust companies is defeated."

Rather curiously the provision to which the New York bank objects as being burdensome is not considered sufficiently stringent by the Orphan's Court of Philadelphia County, Pennsylvania, which has denied trust company powers to national banks after citing the provision of the Federal Reserve Act already mentioned. In Pennsylvania trust companies are required to keep their trust funds separate from the general assets of the bank, and the State Banking Department requires trust funds to be deposited in separate banking institutions.

Further grounds for refusing trust company privileges to na-

tional banks were found by the court referred to in that provision of the National Banking Act which renders the books of national banks not subject to inspection except as provided in the National Banking Act, and the Orphan's Court of Philadelphia County also objected to the handling of trust funds by national banks on the ground that these institutions were conducted for profit. Objection to the national banks acting in a trust company capacity is also made by this court because of the wide powers which are given to receivers of national banks in case of insolvency.



The Bankers Magazine Advertisers

WHILE it is very bad taste for a publication to indulge in self-praise, this objection, which applies to the reading matter of a periodical, can hardly be held as embracing the advertising pages.

Believing, therefore, that it is entirely proper to speak a good word in behalf of the many banking institutions and other enterprises represented in its advertising pages, **THE BANKERS MAGAZINE** wishes to call attention to these announcements especially as representing the progress made in recent years in financial advertising.

In point of both quantity and quality, the advertisements printed in these pages from month to month make a decidedly impressive showing. If compared with the bank advertising of a quarter of a century ago, it will be found that in typographical appearance, in illustration, and especially in the character of the text matter, these advertisements have shown an astonishing improvement. They not only attract the eye and hold attention, because of attractiveness from the standpoint of appearance, but they engage interest by the messages which they convey.

Not long ago a well known banker in one of the larger cities of the country made the statement to the editor of **THE BANKERS MAGAZINE** that the advertising was more interesting than the reading matter. This statement, instead of causing irritation, was gladly received as an indication of the high value which bankers have come to place upon really effective forms of banking publicity.

Perhaps in no country in the world have the people come to repose so much confidence in advertising as we now do in this country. It can be truthfully said of many publications besides **THE BANKERS MAGAZINE** that their advertising pages are the most attractive and interesting features of the publication. It is hardly too much to say that very many magazines are bought chiefly with the object of carefully studying the advertising pages. These have

been enhanced in interest by the use of various devices, such as telling illustrations and the deft employment of colors, as well as by the intimate and instructive character of the message itself.

The dignity which was formerly supposed to be an invariable element of bank advertising has softened to the extent of employing a number of the advertising expedients in use by commercial and manufacturing enterprises. Even with this liberalizing of bank advertising, the banks manage to remain entirely within the bounds of propriety consistent with the conduct of the banking business. Undoubtedly there is a line which divides effective and proper bank advertising from that of the exploitation of commercial wares. It is believed that the majority of bank advertisements keep well within this division.

From the high character of the bulk of present day financial advertising, it will be recognized that the banks are paying much more attention than formerly to this branch of their business. Heretofore the advertising of a bank has been regarded with more or less indifference and the preparation of advertisements and the selection of mediums were duties which have been devolved upon some minor employee without any special knowledge of bank advertising. This is no longer the case. In nearly all of the larger banks of the United States at the present time the advertising is either in charge of some one specially qualified to handle it, or the services of an expert financial advertising agent have been requisitioned. A careful examination of the numerous advertisements presented in our advertising section from month to month will demonstrate the fact that those now charged with the responsibility of the preparation of bank advertisements are doing some excellent work.

The banks of the United States have been pioneers in making their announcements to the public attractive and informative in character, but their efforts in this direction are being adopted by the banks of many other countries. In some foreign countries banks have long shown an indisposition to do advertising of any kind, but there is a marked tendency to change their policy in this respect. For a long while the British banks were extremely conservative in regard to the matter of advertising, but in recent years they have become quite liberal advertisers. Advertising among the French banks is not yet general, but there are some indications that these institutions are preparing to follow the more liberal policies of their British and American competitors. The banks of several other European nations are also becoming alive to the advantages of proper advertising representation. The Australian and Japanese banks have long been very liberal advertisers.

The large number of bank advertisements appearing regularly in *THE BANKERS MAGAZINE*, and covering nearly all parts of the

globe, constitute a valuable source of information for the banks of the United States and other countries that are seeking to employ the best forms of bank advertising, for these advertisements represent some of the largest and strongest banking institutions in the world. The fact that such institutions find it profitable continuously to be represented in the advertising pages of **THE BANKERS MAGAZINE** is an evidence of the value of such publicity.

THE BANKERS MAGAZINE takes a just pride in the large number and the representative character of the bank advertisements carried in its pages from month to month and year to year. These advertisements may be taken to represent the community of commercial and financial interests which exists among the various countries of the world, and also as a harbinger of that happier time when the nations and people of the world shall come to realize that their interests are not antagonistic but identical.



The Bankers Magazine for 1922

INCREASED activity in presenting information relative to the world's progress in banking, finance and economic development will mark the policy of **THE BANKERS MAGAZINE** for the year 1922. Neither the achievements of the past nor the actualities of the present afford any warrant for a slackening of activities for the future. The year 1922 may or may not witness a revival of prosperity; but even should it be an unusually quiet period, or even—putting the worst possible face on matters—should it witness still further depression, that is no reason for sitting still, content with the past and despairing of the future. Whatever the year 1922 may bring forth—and let us hope for the best—this country and the whole world will surely move forward, either this year or the next, or at some time. We are building for that future day, and our policies for the coming year are already planned along lines of more active development than at any time in the past.

At the beginning of its seventy-sixth year **THE BANKERS MAGAZINE** finds its circulation, advertising patronage and influence unexampled in its history; but far from being content with this enviable situation, the publishers are determined to make the **MAGAZINE** better than ever before and a still worthier representative of American banking and finance.





ALBERT H. WIGGIN

President Chase National Bank, New York

ON April 6, 1921, Mr. Wiggin became president of the Chase National Bank, having been chairman of the board since January, 1918, and president from 1911 to 1918.

Mr. Wiggin was an assistant National Bank Examiner in Boston, and assistant cashier of the Third National Bank of Boston, becoming vice-president of the Eliot National Bank there in 1897. He came to New York as a vice-president of the National Park Bank in 1899 and was elected a vice-president of the Chase National Bank in 1904.

The Size of Our Job*

“The Prosperity We All Have in Mind for the Future
Must be a World Prosperity”

By G. A. O'Reilly

Vice-President Irving National Bank, New York

THE size of our job. This, it seems to me, is the most important single consideration in our entire situation. Indeed, I am not at all certain that it is not larger and more important than all other considerations put together. Much of our difficulty, most of our miscalculations and nearly all of our worries, are due to failure to realize the immensity of the area over which are spread the problems we face. If ever a nation needed vision, the vision which sees not only clearly but broadly, we need it now. With proper vision our equipment for the work ahead would be complete. We have everything else—youth and energy and unlimited power, and wealth, and institutional efficiency, a place in the world such as nation never had before, and to as great an extent as any nation may hope for, the admiration and friendship and gratitude of the world.

In the course of the past two or three years many interesting plans have been proposed for the improvement of the things which are. Most of them have fallen into the discard, and not a few reached that unhappy destination in a hurry. The trouble was that most of these plans shot wildly, lacked direction, were based upon conditions which should have been or might have been, but which unfortunately were not. Few of them struck a proper balance between desirable and the possible, between intention and execution. The outcome of it all has been that *we stand before the world today practically without a plan* looking towards the doing of the things which must be done before the most annoying question mark in our lives will be removed.

Naturally, this experience has not been without benefit. We have learned much about the other fellow, but more

about ourselves. We have not succeeded in getting rid of all our little weaknesses and peculiarities, fortunately perhaps. We still mix business and sentiment, but we no longer do it just for the fun of the thing. We still take ourselves seriously, but not quite so seriously as we used to do. We take the other fellow seriously, too, but in his case, as in our own, not quite so much so as formerly. We are all ready and waiting for the appearance of some great prophet who will point the way and anxious to have him outline his plan; but prophets of this kind seem slow in putting in an appearance and, incidentally, the near-prophets who are outlining world plans nowadays are finding it very necessary to watch their step. If they fail to do this—for them, too, the discard. In other words, three years after the end of war we are ready to make an intelligent start towards a condition of normal business again. Rather slow progress, I should say.

At about this point in a discussion of this kind, someone is nearly sure to say or think something about the importance of *“looking after our own affairs right here at home,”* and to make reference to the fact that as only about five per cent. of our national business is foreign we had better look after our ninety-five per cent. and let other people settle their own troubles. *Such a person does not need vision particularly, what he needs is information.* This is not a foreign trade talk, nor need the thought underlying it have any reference to foreign trading or the ninety-five per cent. or the five. It does not matter for the purpose of this discussion whether there is one person in this audience who sells

*An address delivered at the banquet of the American Association of Woolen and Worsted Manufacturers, New York, December 7, 1921.

a dollar's worth of American goods outside the United States or buys a dollar's worth of goods abroad. These remarks are being addressed to "just Americans," regardless of where and what they buy or sell, Americans who pay taxes, who pay rents, who buy houses or build them, who buy food and clothing or make them or sell them, who ship goods or have goods shipped to them, who employ and are employed, who invest in enterprise or are responsible for the investments of others, who have seen patriotic industrious Americans sitting on park benches out of employment and hungry, who recognize a responsibility, a business responsibility, to help the Red Cross and the Salvation Army and the other splendid organizations operating in the interest of distressed men everywhere. In short, I am directing these remarks to Americans who live in a world of which our country is and must continue to be a part and an exceedingly important part too.

I am not discussing charity either. That part of our work is being taken care of and will be taken care of as long as good Americans hear the call of distress from whatever land and can find the means to relieve it. I would speak of the plain business features of the case, features which must be recognized and treated before prosperity will come again to our people, and before we will know the peace of mind which can be built upon understanding even though prosperity still be far off.

And how large a job is ours? As large as the world, I should say. Somewhere on earth there may be a land in which we have no interest, but I doubt it.

Everybody is familiar with the office method of recording the extension of interests by placing pins of different col-

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ors at different points on a map. If we make it the United States instead of a particular concern and the map one of the earth, it would be difficult to imagine a stock of pins large enough to serve. And, again, please understand that it is not a question of trading with any country but rather of being related in interest to every country through an almost infinite variety of contacts and connections and responsibilities which need never show on the surface in the form of what we call trade. It is not a question either of world politics or of showing other nations how to manage their affairs or of imposing an American "culture" upon the people of any land.

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The war gave us our first real touch of the nearness of nations, and if we are wise we will not forget the lesson. Then American aviators piloted machines made in England and France and Italy, and American gunners learned to feel thoroughly at home behind French seventy-fives. French teamsters taught new cusswords to American mules hauling American wagons and trucks and ambulances. Chauffeurs from London and Africa and India hauled British Tommies to the front in machines made in Detroit and Cleveland and South Bend. And this touch of nearness still finds expression but in different form. The same causes which established breadlines in Petrograd and Vienna have put down and out American soldiers on the park benches of New York and Chicago. And it is not yet ended.

The prosperity we all have in mind

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These are some of the reasons why I say that our job is as large as the world. Things are not as they should be. They have been worse and will be better. There have been ups and downs in the past and we must not expect perfectly smooth sailing in the future. We must expect the jolts.

But, however, prosperity is to come and when, if it is to be genuine and permanent, it must be based upon world considerations which in the past we unfortunately and unwisely considered foreign to us in every important sense of the term. It is not a matter of developing new relationships, but of recognizing and being controlled by those which have existed from the beginning.

And what is wrong with all anyway, the world, I mean? Simply this—war, and war shock, nothing else. The business machine moves, but jerkily, not with that smoothness which alone can sustain good business. A demand is created here or there, for the retailer, the wholesaler, the manufacturer, the need is supplied, the slack is taken up and then movement stops. This is the rule, not only here in the United States but throughout the world. Business is described as “good” or “bad,” depending upon the experience through which the individual describing it is passing at the particular time. And what is true of business is true also of industry and politics and of nearly everything else. The whole world establishment is disturbed, its machinery out of alignment, and the

worst of it all is that we who live in the world must, if we value peace of mind, become reconciled to the fact that only time will remove these difficulties.

It is only now that we are beginning to realize this “size of our job,” to realize that we and our fortunes are well within what so frequently is described as the “area of war disturbance,” and to understand that the rehabilitation of our affairs must and will, in the greater part, keep step with the general rehabilitation of the world. And the light has been slow in coming to us. After the armistice our people came back from Europe and pictured for us the conditions the war had left there. They told us that poisons had been released in bodies politic, that the safety devices and rules and sign-posts by which men had learned to govern their lives had gone or were being totally disregarded, and they cautioned us lest these same elements of disturbance might cross the ocean and enter our lives.

What they told us was true, but unfortunately it was not all the truth. They mentioned Europe and the war area. They might have spoken of the world. What they said of Europe was equally true of the United States. They might have stepped abroad the next outgoing steamer and gone back to Europe again, and told the people there about war disturbances in the United States, just as they had told us about war disturbances in Europe. It was a whole world which had been shocked, a whole world which had suffered, and a whole world which must be repaired. That is why our “job” is so large. This is why time alone can cure our ills, and

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this is why we should endeavor to develop within ourselves that quality of patience which can rest only on perfect realization and understanding.

It was my privilege to be in San Francisco during the great earthquake now so nearly forgotten. It was my privilege also to devote some time to a study of the phenomenon which had been presented. In a sense, it was the greatest earthquake of all time. On a line a few miles west of the city the earth had been split open north and south for a distance of two hundred and eighty miles on land, the line then disappearing in the Pacific on the north and on the south. There was a slip, too; that is, when the earth came together again after having been torn apart, portions on different sides of the break which before the shock had been together were found to be seventeen feet apart at the point where the slip had been greatest. Naturally the seismographic instruments in the neighborhood, particularly the big Vicentini, made excellent records of the disturbance. The tracings, made with almost human intelligence, showed the beginning and end of the shocks. They showed the point of greatest amplitude, the number of components of force involved, the order in which they had been expressed, and their relative importance. In short, in this record the earthquake was analyzed and classified and reduced almost to a basis of mathematical certainty.

A few months afterwards I returned to Manila and in the wonderful old Jesuit Observatory, now serving as our Government weather bureau, out on Calle Padre Faura, Father Algue's big Vicentini also had a record of the San Francisco earthquake, and not only one record but five, coming, it was reasoned, from as many different directions and through as many different mediums, the latest of these being received some five hours later than the next preceding. It was also interesting to note that the Manila records, while similar in characteristic, were even clearer, more distinct and better analyzed than were those made on the same general kind of

Our people have quit worrying about the things we would like to do if we could but cannot. America saving the world without any necessary reference to America's own condition was a beautiful dream while it lasted, but it has gone. We now see that we have troubles of our own, and we are beginning to suspect that our greatest possibility of service to the world is to be found in such a strengthening of our own position as will give us not only the intention of world help but also the power to put that intention into effect.

instrument situated only a few miles from the city of San Francisco.

And what is the explanation? Simply this. It was not a San Francisco earthquake in any exclusive sense but a world earthquake. The disturbance, the convulsion of nature which had occurred, took place deep down in the heart of the earth and every particle of matter in the earth was shaken, and a proper instrument installed at almost any point on the globe might have recorded the shock. It is true that the most violent manifestation of the forces released was visible on this line west of the city of San Francisco, but this was only because, due to some physical peculiarity, the line on which San Francisco was situated was more sensitive to the influence of this particular kind of seismic disturbance than other portions of the earth's surface.

And now the war and the analogy. Deep down in the hearts of men something went wrong, a convulsion took place, trouble which had been developing through the years broke out. It could not have been otherwise. If the hearts of men had been right what followed would never have become possible, would never have been permitted. The causes we need not inquire into or consider now, but we know that men had ceased to trust each other, that nations were ever on the defensive, that great armies and navies were being built upon a theory which no nation of today would recognize as properly defensive. Then at the weakest point in the situation, at the point where the

The question might then be asked, what do we want in connection with this allied debt? A very reasonable answer would be, we want it acknowledged and confirmed as an honest debt between gentlemen should be, and then we want to hear the last blessed word from anyone but ourselves about cancellation. And we want to hear the last word, too, about the war having been "just as much America's war as it was the war of Europe," when the fact is that it was our war only in the sense that every fire in my block is my fire. And then, after the situation is all nicely cleared up, we want the privilege of treating the debt just as we see fit. If we wish to cancel it and forget it, that is our affair. If we wish to spread its payment over ten or fifty or a hundred years, that also is our affair. And if we wish to collect the debt when we can and use the money for the rehabilitation of Europe or some other portion of the world, as Mr. Vanderbilt suggests, that, too, will be our affair.

movement away from peace and sanity had been greatest, the war burst forth and we had Belgium and France and submarines and poison gas and the other terrible things we are now trying to forget.

And again the world, the whole of it suffered shock. Again visible manifestations of the disturbance were most strikingly apparent at a particular point or at least within a particular area. But the actually disturbed area was everywhere. Time was required to fully demonstrate the correctness of this theory, but as to its correctness there now can be no doubt. Financial embarrassment in the Philippines means the war, and the inflaming of men's minds in India means the war, and the high cost of living in Latin America and in the United States, and starvation in Russia and the herding together of despondent peoples in Constantinople, and the breaking out of old animosities in Central Europe, and business disturbance everywhere, all mean the war.

Yes, indeed, the "size of our job" deserves serious consideration.

And what are we going to do about it all? Nothing in particular, I im-

agine, that we have not been doing, almost certainly nothing extravagant or spectacular. The time for that has gone. Our people have quit worrying about the things we would like to do if we could but cannot. America saving the world without any necessary reference to America's own condition was a beautiful dream while it lasted, but it has gone. We now see that we have troubles of our own, and we are beginning to suspect that our greatest possibility of service to the world is to be found in such a strengthening of our own position as will give us not only the intention of world help but also the power to put that intention into effect.

Frequently nowadays we hear people talking about getting back to normal. Why should we go back to anything, why not go ahead? The progressive movement is best suited to our national makeup. And what normal? That smug, easy-going normal of 1913 would hardly be recognizable if we met it on the road today, and it certainly would fall far short of providing a standard towards which our present efforts and capacities might be directed. Every century and decade and year, and, in these swift-moving times, almost every day, has a normal of its own. Normal, in any event, means nothing more than a proper balancing of things, of money and credit, of effort and return, of responsibility and reward. So why worry about it?

Another institution of which we hear a great deal is the allied debt, considered particularly in terms of possibility of its payment. Is it not possible that we are worrying altogether too much about this particular obligation? If it is pardonable to drop into the colloquial in such a serious connection, I would be disposed to say that as far as this debt is concerned "We should worry." As things go in the world today, and as many perfectly respectable authorities argue, we don't need the gold it represents anyway. Indeed, we are told that we have a great deal more gold now than is good for us, and we could not get the gold represented by the debt, if we tried ever so hard. So that point seems settled. And we don't need the

goods with which the debt might be discharged either. We would not know what to do with them if we had them. Almost certainly they would do more harm than good through the resulting disturbance of domestic lines of industry. And, in any event, we cannot get these goods within any reasonable time. So let us consider that point settled, too.

The question might then be asked, what do we want in connection with this allied debt? A very reasonable answer would be, we want it acknowledged and confirmed as an honest debt between gentlemen should be, and then we want to hear the last blessed word from anyone but ourselves about cancellation. And we want to hear the last word, too, about the war having been "just as much America's war as it was the war of Europe," when the fact is that it was our war only in the sense that every fire in my block is my fire. And then, after the situation is all nicely cleared up, we want the privilege of treating the debt just as we see fit. If we wish to cancel it and forget it, that is our affair. If we wish to spread its payment over ten or fifty or a hundred years, that also is our affair. And if we wish to collect the debt when we can and use the money for the rehabilitation of Europe or some other portion of the world, as Mr. Vanderlip suggests, that, too, will be our affair.

Under such conditions the expression, "We should worry," seems to cover our part of the situation, not classically perhaps, but effectively.

There is no intention of being pessimistic in this discussion. "The size of our job" is the subject treated, and if we realize all of the facts of the case we must see that the basis of true pessimism does not exist. An analysis of the world situation such as might be made by a chartered public accountant would look pretty bad. Fortunately, however, the problem is not to be solved on any chartered accountant basis. We must include elements of helpfulness which cannot be seen or measured or named or demonstrated, the intangibles, we might call them. Such elements

Remember, they said we were "too proud to fight" and too deeply immersed in money grubbing to sacrifice and too young and undeveloped as a nation to measure our powers with those of nations older and more highly trained and organized than we, and they were wrong, dead wrong every time. And wrong, too, is the man who would confine our possibilities of accomplishment in this world task which spreads out before us, to resources and possibilities which can be named and measured and demonstrated.

were largely responsible for the success of our arms during the war.

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These men you see on the park benches today do not suggest much of helpfulness in this task just now and still they are the same men who carried our flag into enemy territory in France after the most highly trained soldiers of Europe had failed. And these same men will be just as ready to carry other of our national responsibilities once they are given half a chance.

Down in Washington there has happened something which, if we leave the intangibles out of consideration, must be considered as a miracle pure and simple. It seemed only a matter of days since we had bewailed the fact that not only had the war not cleansed the souls of men but had even brought into existence again old evils which had been wiped out in the onward march of civilization. The war was fought, so they said, "to make the world safe for democracy." What we found was democracies and democratic peoples glar-

And then a miracle happened or else the intangibles do count in the affairs of men. A Secretary of State of a nation without a grievance or a quarrel or a selfish ambition beyond its own boundaries, a nation with wealth enough and power enough to carry out any program which might be suggested by any dream of domination it might entertain, this Secretary of State said, "Stop, we are all wrong. This road leads to ruin. The war and its sacrifices point the way not to further and deadlier strife among nations, but to peace and sanity and prosperity." And in an hour, indeed it may have been in a minute, the nations of the world, at his request, and apparently with scarcely a moment's thought, placed upon the theory of unlimited armament the seal of disapproval, and a new dispensation was ushered into the world of men.

ing at each other across their political boundaries, and straining every nerve to bring back and fan into new life the grudges of a thousand years. And everywhere was suspicion and nowhere a hint of the greatness which somehow seems to give to the most hideous impression of warfare a touch of the sublime. And everywhere, even in our own country, the minds of men were engaged in efforts to evolve still more powerful engines of destruction and still greater armies and larger navies. "Defensive measures" they were called, but in their hearts men knew that it all meant war, and more war.

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Oh, yes, I know the millennium is not yet. Nations will continue to quarrel and bicker and play for position and take advantage of each other, because they are nations, not of angels but of imperfect men, but the great point has been made, the line has been drawn, and the nation first to cross that line must be ready to face a force greater than all the combined forces in all the armies which took part in the Great War which has found its true answer, and let us hope its end, in this extraordinary conference of the nations at Washington. There still remains much unsettled, and the ultimate outcome will be far from what the enthusiastic might wish for. But when this wonder of accomplishment has dropped upon us out of a clear sky, what possibilities of greatness may we not expect in the future?



The Twenty Per Cent. Rule or Why Banks Keep a Part of the Money They Loan

By Glenn G. Munn

(The Division of Analysis and Research of the Federal Reserve Board has recently conducted a survey of the methods pursued by banks in granting accommodation to their customers. The results of this study, as published in recent issues of the Federal Reserve Bulletin, show that the practice of requiring average balances against borrowings is firmly established throughout the country, although its greatest force is felt in New York City. The proportion required ranges from ten per cent. to twenty-five per cent., but in the majority of cases is fixed at twenty per cent.)

“WE are paying you the current rate of interest on our loans. Why, then, do you require us to keep a balance in our account equal to twenty per cent. of our loans?” That is a question frequently asked by borrowers—especially the uninitiated ones, learning their first lessons in the methods of banks in granting credit. The new borrower is quite apt to look askance at the propriety of this requirement, and implies in his question, that the practice is a subterfuge for increasing interest rates. It looks like a case of eating one’s cake, and having it too—at least in part.

The banker, on the other hand, has applied this rule-of-thumb so long as a matter of custom, that it seems quite obvious to him. He confesses to a sense of irritation when the borrower presses the issue, and too often, no doubt, suffers considerable embarrassment in trying to give the customer the clear and complete explanation to which he is entitled. The fact is, that even among bankers, no practical banking principle is subject to more confusion of thought than this. There is a universal feeling that the practice is justified, but the reasons are often shadowy, because not well understood. The purpose of this article is to fully explain why a bank must require its borrowing customers to keep some fair percentage of its borrowings on deposit. The explanation will be covered by presenting five reasons, first briefly stated, and later more fully developed, as follows:

I.

Bank operating costs are considerably increased as a result of the exercise by a bank of its loan and credit functions. This additional cost must be borne by the borrowers.

Just as soon as a non-borrowing customer becomes a borrowing customer, additional facilities of the bank are brought into operation, by which increased outlays are incurred. These additional costs are those of maintaining the loan, discount and credit departments, the salaries of the loan and credit officers, and the proportion of overhead charges properly allocable to these direct costs.

The loan and credit functions constitute the heart of banking. Successful bank operation depends upon the proper exercise of these functions, which, in turn, elicit the best brains and talent available. This talent must be compensated accordingly. With the progress made in recent years in the more scientific appraisal of credit risks, there has been a rapid expansion in credit department machinery in order to provide better guidance and control of credits. The cost of administration of the loan and credit departments increased during the post-war inflation period probably more than that of any other departments of banking. Investigation will show, moreover, that among the larger New York banks, which extend their credit department facilities to their interior correspondents and customers, the expense of maintaining the credit de-

partment is greater than that of any other department.

Obviously these costs must be covered. They are inevitably incurred because granting credit is not an automatic process. Credit risks must be investigated and loans supervised, and naturally it is the borrower who must pay the bill. Nor is there anything peculiar or irregular in this principle. *If any instance of borrowing is carefully examined, it will always be found that the final cost of borrowing money, is more than that indicated by the interest rate.* This is exemplified in the case of farm loans, for instance, where the cost of furnishing the abstract of title, registering the mortgage, and the agent's commission, is paid by the borrower. Commercial paper borrowers pay the note broker's commission. Stock exchange brokers charge their customers a commission for carrying debit balances on margin accounts. In the case of bond issues, also, the obligor corporation pays in addition to the interest rate, the expenses and commission of the underwriting syndicate which contracts to float the loan. It is not unreasonable, therefore, to expect commercial borrowers to pay the necessary charges incidental to the proper administration of commercial loans.

Borrowers must maintain adequate cash working balances anyhow—sufficient to insure a safe liquid position. The twenty per cent. rule protects both the borrower and the lending bank.

No business can operate without adequate cash. From the borrower's standpoint it must be sufficient to permit taking advantage of quantity merchandise purchases, favorable market prices and cash discounts. It also must provide for current payrolls and other operating expenses, and remove all danger of financial embarrassment arising through possible overdrafts. From the bank's standpoint, the balance must be sufficiently large to prove profitable as a checking account as well as a borrowing account, and to insure the conservative management of the borrower's finances. As a lender, a bank becomes in a real sense a partner of the borrower, and is interested in seeing that the proportion

between current assets and current liabilities is such as to furnish protection for the loan. Conservative financial management insists upon safe ratios between cash and inventories, receivables and current liabilities.

While each business type tends to establish a standard of its own, experience shows that for average conditions, a cash balance equal to twenty per cent. of borrowings, is necessary to insure a proper margin of safety, and the liquidity of the borrower's working capital. Just as a bank is required by law to maintain cash reserves in proportion to deposit liabilities, so banks, being responsible in the final analysis for the soundness of business credit, reasonably require that borrowers keep cash balances in proportion to their liabilities. The observance of the twenty per cent. rule furnishes mutual protection to borrower and lender by keeping both business and banking assets liquid.

III.

Bank are required to maintain cash reserves in proportion to deposit liabilities, such as is fixed by the banking laws. Such reserves are not available for loaning purposes, but are idle, non-earning assets. The loss of interest on reserves is a tax which is passed on to the consumer of credit, just as other taxes are shifted to the ultimate consumer.

Although doubtless the twenty per cent. rule antedates the introduction of legal reserves in American banking, the banker's defense that the burden of maintaining reserves against deposits should be shifted to borrowers, remains none the less cogent. Prior to the Federal Reserve System, national banks in central reserve cities were required to maintain twenty-five per cent., in reserve cities twenty-five per cent., and in other cities fifteen per cent., reserves against net demand deposits. Under the Federal Reserve System the reserve requirements have been reduced, being thirteen per cent., ten per cent. and seven per cent. respectively for banks in the above designated types of cities. The requirements for state banks and trust companies range from ten per cent. to

twenty-five per cent., varying according to the banking law of the state of incorporation. Bank members of the Federal Reserve System find it necessary to keep an additional cash working balance in their own vaults, usually approximating two per cent. of net demand deposits. Adding this two per cent. cash reserve to the ten per cent. reserve legally required of member banks located in a reserve city, the resulting twelve per cent., may be taken as an average reserve requirement for member banks. It is probably higher for all banks. Banks located in New York City, however, where the full force of the twenty per cent. rule is felt, would, on the same basis, be required to keep fifteen per cent. of their deposits as reserve.

Borrowers will recognize that whatever portion of a bank's deposits are set aside as required by law or by banking policy as reserve, is not available for loan purposes, and consequently, is not an earning asset. The Federal and state banking laws require the maintenance of reserves as protection against credit inflation, and to insure the liquidity of banking assets. Since banks hold the key to the credit structure of the nation, it devolves upon them to safeguard credit conditions, to prevent overexpansion, and an undermining of confidence in their ability to pay, such as might result in the collapse of the structure. Just as banking authorities demand that the banks keep reserves in definite ratio to deposits, is it not reasonable that banks require borrowing customers to keep cash balances in definite ratio to loans?

It may be objected at this point that banks do not maintain a twelve per cent. (or fifteen per cent.) reserve against a loan made to a borrowing customer, but only against that portion of the loan which is left on deposit. Thus if a customer borrows \$10,000 which is placed to his credit, presumably all but the required twenty per cent. balance will be withdrawn, leaving \$2,000. The bank is not required to keep a reserve against \$10,000, but only against \$2,000, or, instead of a twelve per cent. reserve, a 2.4 per cent. reserve.

This is fallacious reasoning. The error lies in the failure to recognize that bank reserves are computed on total deposits. Deposits can not be treated singly. Such amounts as are withdrawn by borrowing customers sooner or later find their way back to the bank as deposits, if not to the same account, then to other accounts. Any bank statement will disclose a practical equivalence between total loans and total deposits. Since the reserve must be kept against *total deposits*, and total deposits and total loans are approximately equivalent, it follows that the actual reserve may be regarded as being maintained against loans.

The loss of interest which a bank sustains due to the maintenance of the legal reserve may well be considered as a tax paid to safeguard the stability of credit. The bank then simply commutes this tax by shifting it to the borrower. In other words, banks being manufacturers of credit, adopt the same principles of final cost determination as other manufacturers, and shift all taxes exacted of them to the ultimate consumer. Thus the shifting of the cost of maintaining the legal reserve accounts for a large part (say twelve to fifteen of the twenty per cent.) of the cost ingredients entering into the twenty per cent. rule. The remainder (five to eight) of the twenty per cent.) is accounted for by the other factors.

IV.

Not only does it cost money to borrow; the right to credit in itself must be earned. A bank distributes its total banking power in lines of credit to its borrowing customers. The total line commitments must not exceed five times the average borrowings. To maintain a relative balance, loans must not exceed five times the average deposit balances of borrowing customers. Banks consequently select customers as borrowers, who earn the right to a credit force by keeping balances equal to one-fifth of their loans.

There is a distinct line of cleavage between the borrowing and non-borrowing customer. Banks discriminate in the selection of both. This selection is

based ultimately upon whether such accounts are likely to prove profitable. The chief test of profitableness in the case of a checking (non-borrowing) account is the *minimum free balance*, while in the case of the borrowing account it is the *average balance* against loans or line of credit. The exact amount of the minimum free balance which a bank requires of a non-borrowing customer depends upon the bank's policy—what it considers a profitable account in view of that policy, which is formed by consideration of such factors as the capital of the bank, the size of the community served, the size of the typical business units in the community, the degree of competition for deposits, etc.

It is safe to say that the transition of an account from the non-borrowing to the borrowing status is dependent upon the satisfactoriness of the non-borrowing account. While every non-borrowing account is a potential borrowing account, still the right to credit must be built while the account is in the non-borrowing stage by the consistent upbuilding of the deposit balance. Then, as soon as the transition is effected, and the non-borrowing account becomes a borrowing account, a different policy—a different set of factors—governs.

Although banks are credit manufacturing institutions there is a limit to the amount of money they can loan. It is only because most accounts are non-borrowing accounts that it is possible at all for a bank to loan more to its borrowing customers than they keep on deposit. Because of the demand for credit among its borrowing customers, a bank must adopt a policy of parceling out its available loanable funds among them which will be fair to all concerned. The principle applied is so simple and obvious that no objection can be raised to it. *The amount of credit which a bank can afford to grant to a customer will depend, among other factors, upon the size of his deposit balance as a non-borrower.* For instance, as between two applicants for credit, one having a \$10,000 balance, the other \$20,000, and otherwise equal as credit risks, the bank must in all fairness

grant the \$20,000 account a loan equal to twice that of the \$10,000 account. The \$20,000 account, by building up a larger balance has earned its right to a proportionally greater line of credit. Neither customer may secure as large a line of credit as it desires, but a relative balance is preserved as between them.

Experience shows that a bank cannot extend a total line commitment in excess of five times the average loans outstanding, because it cannot manufacture credit more than five or six times its available reserves (reserve requirements ranging from nine per cent. to twenty-five per cent. of deposit liabilities). This means of course that it is impossible for a bank to extend the total line granted to each customer at the same time. Most borrowers, however, are seasonal borrowers, and borrowing peaks for different types of business are fairly well distributed through the different months of the year. Hence it is possible for a bank to so arrange its loan resources as to accommodate all its borrowing customers, provided, of course, it does not overcommit itself in extending lines of credit. This being true, any one customer may be granted a credit line equal to five times its average deposits. Since the loans and deposits of a bank are approximately equivalent, it follows that if a bank fully commits itself, and accordingly is to provide for all its borrowings, each borrower must keep on deposits, one-fifth of its borrowings, in order to maintain a relative balance between manufactured credit and cash balances.

V

Banks become morally, though not legally, bound to insure the borrowing customer's credit line, provided no change in the financial status occurs. In part, the application of the twenty per cent. rule may be regarded as a premium to insure a credit force equal to the line granted.

Once a bank establishes a credit line for a borrowing customer, it practically agrees, or at least, morally binds itself, to place at the disposal of its customer, a credit force equal to the line

granted. The customer must maintain balances in proportion to the line, and continuously disclose a financial condition as good or better than that which existed at the time the line was granted. From the standpoint of the bank, this moral guarantee entails the maintenance of the liquidity of its loanable funds in order to provide customers with the unused portion of their lines, if called upon to do so. From the standpoint of the customer, the insurance of the credit line is a powerful factor in his financial arrangements, since it has at its disposal a credit force equal to five times (or more) the average balance required to keep good his credit standing.

To illustrate the advantage of insuring the credit line, it is only necessary to consider other methods of financing the borrowing peak of a commercial business — for instance, borrowing through the sale of commercial paper in the open market.

Some years ago, a group of note brokers in New York City told their clients that the cost of financing their seasonal requirements could be reduced by borrowing in the commercial paper market instead of at the banks, since it would be unnecessary to maintain twenty per cent. balances against the loans. Some concerns experimented with this scheme, and while their borrowing costs were undoubtedly lowered as long as the commercial paper market was easy and funds were freely offered, the plan broke down when money became tight and credit was restricted. Note-brokers being unable to sell their paper even at fancy prices, could not provide their clients with the accommodation needed at a most critical time. Commercial paper financing does not insure the credit line, and the concerns who tried the experiment were eventually forced to fall back upon the banks. It may be said that all concerns borrowing in the commercial paper market, keep their credit standing good with their banking connections in order to have a credit line at their disposal.

Most commercial concerns have a seasonal borrowing peak. The need for additional funds for the financing of inventories or other requirements cannot

be avoided. When a bank virtually guarantees a line of credit upon which a customer who finds it necessary to borrow can depend, a real service is performed, for which a charge is justifiable.

* * *

It is not intended to imply that the twenty per cent. rule has been evolved with a fine degree of mathematical precision. On the contrary the various shadings not only in the percentage applied, but in minimum balances required and interest on deposits allowed, by different banks in different sections of the country, show that twenty per cent. (or fifteen per cent., or ten per cent., or twenty-five per cent.) is selected because it approximates the cost of the aggregate services, which it provides—under varying local conditions. The following is a classification of borrowing accounts, based upon the various combinations of terms which banks may exact from them:

1. Twenty per cent. average deposit balance against *line* required to be maintained, and a prescribed minimum free balance with no interest allowed on deposits.
2. Same as (1) except that twenty per cent. balance is required only when borrowing.
3. Twenty per cent. deposit balance against *loans* required to be maintained, and a prescribed minimum free balance with no interest allowed on deposits.
4. Same as (3) except that twenty per cent. balance is required only when borrowing.
5. Same as (1) and (3) except that interest is allowed on deposit balances in excess of the minimum free balance at varying rates of interest (usually not exceeding two and one-half per cent.)
6. Same as (5) except that interest is not allowed on deposit balances borrowing.
7. Same as (1) to (6), substituting twenty-five per cent. for twenty per cent.
8. Same as (1) to (6), substituting fifteen for twenty per cent.

9. Same as (1) to (6), substituting ten per cent. for twenty per cent.

The twenty per cent. rule is a characteristically American practice. It does not break down when supplies of capital are plentiful. Changes in the cost of borrowing are reflected rather in the change of interest rates. It is a rule-of-thumb based upon experience rather than upon careful scientific investigation,

but nevertheless, as explained in this article, one which banks apply with thoroughgoing justification. Like the "Two for One" credit rule which has sprung up out of experience as a practical and simple test of a safe credit risk, so the "Twenty Per Cent. Rule" is an experimentally derived, practical rule-of-thumb for testing the profitability of a borrowing account.



"Efforts of Year 1921 to Shape the Destinies of 1922"

By ALVIN W. KRECH

President Equitable Trust Company of New York

THE business year 1921 will not be fondly remembered by those among us who believe that the country's economic health is reflected primarily in the number and the size of dividends and extra-dividends. Nineteen hundred and twenty-one cannot boast of record earnings and capacity productions, but it can claim the distinction of having been the first post-war year to face the seriousness of the situation and to start the uphill job. It has been an austere year, a year of thoughtful planning, a year that chastened wisely. True it is that the individual business man is first of all concerned with his own affairs and is inclined to consider his own balance sheet as infinitely more important than the Federal Reserve Bank statement, but after all individual prosperity can only be the emanation of a general healthy state of affairs. And 1921, a year of deflation (and deflation, to quote Professor Gustav Cassel, means not only a reduction of expenses, it means also a corresponding reduction of incomes) has done much towards bringing back a healthy state of affairs. The business community was perhaps obliged to observe a rather disagreeable diet, but the banker, who is asked to diagnose the case, may now confidently point out quite a number of highly satisfying symptoms.

As a body politic we are splendidly alive. The President's message, Director Dawes' report and Secretary

Hughes' "thunderbolt" are splendid affirmations of our aptness to meet serious emergencies in the most direct and matter of fact manner. We have the men and we have the natural resources, and we must even admit that on closing of subscription days, we were lately quite under the impression that the country's savings have not as yet been entirely depleted by an unhappy system of taxation. Incidentally one may also recall that the ratio of reserves of our Federal Reserve Bank is about seventy-three per cent.

The international situation is rich in fair promises. Secretary Hughes launched in Washington a bold "peace offensive" which should win for the world the inestimable trophy of international economic understanding. Last year we recorded a few shy attempts at real world pacification, and today we could cite a hundred instances reflecting the world's fervent desire for peace. There is perhaps no more significant gesture than Marshal Foch's chivalrous proposal that the defeated nations be aided so that they may be re-established commercially. Victory does not rest after the laurels have been plucked, and it is our imperative duty, from self interest if not from any other reason, not to abandon those who need our co-operation.

I confidently hope that the destinies of 1922 will be happily shaped by the strenuous and courageous efforts of the past year.

The Bank 'That Smiles

By Sara E. Shaver

ONE of the greatest advertising slogans ever coined is that of the American Telegraph and Telephone Company, "The Voice With a Smile Wins," and for the most part they back it up. No matter how cross you may be with Central, she sweetly says, "I'll connect you with the manager," and has removed the barb from your sting before you can deliver it.

In going about different cities just notice sometime how the exteriors of banks affect you. You invariably sense the atmosphere of a bank from its entrance, windows and general outward appearance. It either smiles or bears the inscrutable expression of the Sphinx—sometimes even frowns, smug in its self-satisfied pomp and glory. You are attracted or repelled without knowing why. Sometimes outward appearances are deceptive just as you find people, and the bank that frowns really has the warmest heart, and the open windowed bank may have an inward grouch in one or two negative personalities that belies its smiles at the surface. Almost any day in almost any community one can easily read the difference in the drift of bank crowds.

And there are smiles and *smiles*. One quickly senses the smile that comes from the heart or the mask-like crack in a physiognomy that expresses nothing but insincerity. Bankers sometimes bestow their smiles discriminatingly upon owners of recognized substantial accounts and but grudgingly smile upon the young man or woman starting in business. But the young man or woman with a growing thrift account today is the one who will count tomorrow.

This big bank on the corner with a splendid directorate and housed in a big imposing building is outstripped by the bank in the middle of the block, and it can all be explained by the prevailing atmosphere in each institution. The big bank on the corner may be efficient, prompt and have the most modern facilities but let's stand about for a while and listen in on a few transactions.

Enter a timid, retiring gentleman who approaches the railing enclosing the officers' space, hat in one hand, his business card in the other. The motionless picture tells the story. The officer approached, in his most efficient form, is dictating an important document. The gentleman waits what he considers a satisfactory length of time, withdraws and leaves the bank as inobtrusively as he entered. Not a word has been spoken. The banker is so absorbed in his duties he has not even seen the man who happens, by the way, to be a new wholesale distributor coming to the city.

Next. Enter a habitual customer of the bank, goes to the loan window. Without a word, the loan teller turns to his account and awaits the customer's next move. More smooth, silent efficiency. Customer addresses a request to the teller who answers shortly without an exchange of names or greetings. Teller leaves cage, approaches an officer and they enter into confidential consultation. The officer finally motions to the customer. The customer proceeds to the officer's desk where evidently he is informed that his loan cannot be extended. The customer plainly attempts to find out why, but is informed, with a mask-like smile, that the bank at all times reserves the right to decline a loan or an extension without giving its reasons. The matter being dismissed, the customer goes back to the window and closes the transaction where it is discharged in machinelike efficiency in a minimum of time.

Within a week "the bank that smiles" in the middle of the block has a substantial new account.

A young man about twenty years of age enters, looks about and finally approaches a teller's window. The teller is wrapping currency, finishes his package, then turns to the lad quickly with a sharp, "What is it?" The lad, taken by surprise, stammers, "I—I wanted to open an account." "Right over there, window number ten." The teller at

window number ten was right *there* too with the efficiency. "Savings or checking?" "I'd like a check account," was the reply. "How much is your deposit?" "Ten dollars." The teller smiled knowingly. "How do you get that way? A \$10 check account." Then he smiled aloud. "You'd better go down to the ——— bank, they

number of the employees in the bank to the good or detriment of the institution.

Then there is the importance of smiles and optimism in the banker's relation to the general business interests of the locality. The banker is a man of great influence in the community. His face is the barometer of conditions;



"The gentleman waits what he considers a satisfactory length of time, withdraws and leaves the bank as unobtrusively as he entered"

take little accounts down there, our bank can't be bothered with them." The young man, furiously red, left the bank with his shoes pointing in the direction of "the bank that smiles."

A bank can become flagrantly and disagreeably efficient. It was clearly the case with this fine, strong, old institution that should have known better.

The personality of the head of the institution usually permeates the personality of the organization all the way through to the latest messenger on the pay roll. How quickly is an attitude absorbed by impressionable young minds. In the sunshine of smiles the whole organization radiates cheer. They smile easily in the performance of little duties for customers and make the customer comfortable and at home in his bank. The personality of the management itself is thus multiplied by the

his word is listened to and believed as gospel; his attitude the signal for business to go or stop.

What if business should register a tremor? The banker, in his calm, cool judgment, can show his sportsmanship by smiling in the face of things looking wrong and be the stabilizer of conditions by offering constructive suggestions for preserving the morale of business. Why should he go into public places, proclaim warnings and by his funereal expression and pessimistic utterances spread the propaganda of gloom and panic which only help to gum the wheels of business?

Let's have a look into the bank farther down the block "the bank that smiles"—so slightly referred to by the new account clerk in bank No. 1. A well designed entrance, though not pretentious, seems to give an honest,

well intended welcome. The bank has not shut itself in nor the public out, with prison-like bars. The neutral toned hangings at the windows have a soothing effect and you feel at ease. You enter and look about and at once sense the atmosphere. You are expected and welcome. A low voiced man in uniform greets you with a *smile* and "What can we do for you?" You mention that you are just looking about and dropped in to see their bank. Just as a trial you mention that you would like to have a check cashed but suppose that being a stranger it would be asking too much. Another smile—"We'd be only too glad if you are acquainted with anyone in the bank or could furnish identification." The thought goes through your mind—"Pleasant, but you couldn't get away with anything here."

Next, the suggestion—"Wouldn't you like to meet our vice-president?" "Yes, but isn't your vice-president too busy to receive casual callers?" "Mr. Schuyler, in fact, all of our officers, are always glad to cultivate new friends." While you are awaiting his return from the vice-president's desk, you look about the bank and see tellers and customers in pleasant conversational relations. A customer starts to leave the bank and a messenger dashes after him to call him to the telephone. At the new account department is that same flustered young man with the ten dollar bill. He is opening a thrift account that a pleasant business-like young woman has persuaded him he wanted instead of a check account.

The same efficient service all around but with a world of difference. Somehow you begin to think that the bank isn't so much of a mausoleum after all—

when out of the president's office walks the man you saw waiting for recognition at bank No. 1. What a different personality. He is not the timid, in-obtrusive sort he appeared an hour ago. He is on common ground with a *big* man, who has a merry twinkle in his eye and a smile that comes from his heart. As the man passed, his bank book dropped at my feet, wide open, and of course I couldn't help seeing the \$25,000 that was entered. Mr. Schuyler himself picked up the bank book and said to him, "We want you to make use of this bank, and if anything in the business troubles you, bring it straight to us. Will have you meet the rest of our officers the next time you are in."

The man in uniform presented me and as Mr. Schuyler grasped my hand in his friendly, cordial way, he won me over completely. "So you are a stranger in the city?" he queried. "Well, we are glad to welcome you to ————." You spoke to Mr. Trumbull of a check that you would like to have cashed. Do you need the money today? If not, let us collect it for you or possibly you may wish to open an account." (Still the same firmness but administered painlessly.) I grant that this would be a satisfactory arrangement and established a connection with a bank that was destined to become the greatest in that part of the country.

Dignity unmistakably prevailed but not at the sacrifice of simple, honest-to-goodness pleasantries. It did not kill the life and spirit of the organization—or prevent meeting the bank's customers on a common footing. You somehow wanted to go out on the corner and shout, "Here is a real human bank—a bank that smiles."



How We Made Ludington a Farmers' Town

By A. R. Vestling

Cashier First National Bank, Ludington, Mich.

IT used to be very few farmers did any trading or banking in Ludington. To the west of our town is Lake Michigan; to the north is summer resort territory and poor farming land. A part of the land to the south is also poor farming land and is not used.

The good farming territory begins five or six miles east of Ludington, but in the center of this good trade territory is the village of Scottville. Farmers naturally stopped at Scottville because it is the closest town, and there they did their buying and banking. Two good banks have been developed there and still maintain a great deal of prestige. However, Ludington has been able to get part of the farmers' business, and all of the banks here now enjoy a substantial amount of farmer trade.

There is one thing to our advantage, but aside from that the making of Ludington a farmers' town was due to special efforts on our part.

We have a splendid harbor, and there is regular boat service from Ludington to Milwaukee and Chicago, and other lake ports, so many farmers brought their produce to Ludington for shipment. For a long time these same farmers took the money they received for the produce over to Scottville and banked it, and while they were there did their purchasing.

Our town is divided into two sections by a small river. Most of the business houses are in the northern part of the town, but most of the farmers came into town through the south side. The two banks we had at that time were of course in the business center to the north. The shipping stations were south of the banks and the main business center and so farmers usually came into town to ship their produce and left without coming into the business section at all.

Another condition that prevented them from making deposits in our banks was that most farmers arrived rather late in the day with their loads of produce and received their money for what they sold after our banks had closed.

In studying over the situation, we saw that two things were necessary to get the farmers' business in Ludington. One was to make it convenient for them to use our banking facilities, and the other was to change their attitude toward our town by gaining their confidence and interest.

To make it more convenient for them to use our banking facilities it was obviously necessary to establish a branch bank in the south part of town in a location where practically all of the farmers would pass the building as they came into town and as they left town. And it was obviously necessary to have special banking hours for this branch so that the farmers could deposit the money which they received late in the day.

These conditions were noted by both of the banks here. Our bank is a national bank and according to the Michigan law we cannot have a branch bank. The other bank is a state bank, however, and is permitted to have a branch bank. We overcame the handicap of the law by forming a new bank with the officers and stockholders of our bank as owners of the new bank. It is perfectly legal, of course for our bank to serve as correspondent of the new bank, if the officers of the new bank select us as its representative. So you see we had all of the benefits of the branch bank even though the new bank was entirely on its own resources.

We called this new bank "The Farmers Bank" because it was established entirely for the convenience of farmers. We selected as cashier a man who knew

a great many of the farmers and his personal work, together with some newspaper advertising which we did, helped build up deposits until the bank became a profitable institution in itself.

The farmers starting home from town with considerable currency in their pockets soon found a strong impulse to

up entirely of apples, but we had other displays at other times of the year made up of other fruits and of vegetables and other farm crops.

On the picture you will see that each plate of apples is identified by a card placed on it which gives the name and address of the farmer who raised the



Display of farm products at the First National Bank, Ludington, Mich.

stop at the bank and leave the money there where it would be safe.

This new bank took care of one of the situations, that is the convenience to our farmer friends, but we still had the other proposition to take care of; that is the gaining of the farmers' interest and confidence. This was secured in the following way:

When farm products began to ripen, we wrote a letter to all of the farmers in what we considered our logical territory, inviting them to bring samples of their farm products to our bank for display. The photograph reproduced here will show you the facilities we provided for displaying these products. This particular display is made

fruit. It was remarkable to note the interest our farmer friends took in this plan, and our lobby was very quickly filled with exhibits and was kept filled during the entire season.

I can't say that the exhibit was of any particular financial value to the farmers, although it gave them opportunity to display their crops to possible customers in town, but they liked the idea and although the first of this work was several years ago, they still bring in farm crops for exhibit. We give just as much attention to these exhibits now as we did before, and of course continue to get the benefit from it.

The definite results to our bank that

this plan has brought is represented by a number of accounts in our downtown bank in addition to those accounts which we secured at the Farmers Bank on the south side of town. The farmers come in to our bank not only to bring displays of their own crops, but to see the displays of others. There is some reason for coming into the bank aside from making a deposit or asking for a loan,

and, personally, I believe that it is important that a bank have some other attraction for farmers than simply a strictly banking affair.

Ludington is a farmers' town now and I believe that it is entirely due to the fact that the banks have made banking easy and convenient here, and have shown the farmers that we have an interest in their affairs.



Bankers Acceptances

By Robert M. O'Hara*

A BANKER'S acceptance within the meaning of the regulations of the Federal Reserve Board is defined as a draft or bill of exchange, whether payable in the United States or abroad and whether payable in dollars or in some other money, of which the acceptor is a bank or trust company, or a firm, person, company or corporation engaged generally in the business of granting bankers' acceptance credits.

The early history of bankers' acceptances is quite interesting. Generations ago, following the development of England's overseas trade, there came into prominence in London a number of wealthy importing merchants, whose names became so well known throughout the world that foreign sellers did not hesitate to make shipments to them, against which they drew their sterling bills which they knew would be duly honored and paid at maturity. As time went on, other smaller merchants desired to undertake the importing business but found that they were considerably handicapped, owing to the fact that their names were not well known in foreign countries and that consequently foreign bankers discriminated heavily in purchasing bills drawn upon them. As a consequence, these small merchants were practically prohibited from doing the business. They found,

however, that by obtaining the guarantee of one of the larger merchant houses in London—in other words, by having the foreign seller draw upon one of the well known merchants, the business could be profitably done; and the strong merchant houses were quick to realize that doing this business, for which they charged a small commission, was highly satisfactory. In this manner the large importing merchants of London became known as merchant bankers, or acceptance houses; and they are today, perhaps, the most experienced and best informed class of acceptors in England. Though the business of accepting was gradually undertaken by the joint stock banks of England, it is to the merchant bankers of London that credit is due for piloting the way in this highly specialized business.

Prior to the passage of the Federal Reserve Act, national banks in this country were not permitted to accept time bills of exchange. The business was practically all done through London, a large part of it for American account. But under the provisions of the Federal Reserve Act, the power to accept was given to American banks.

*Mr. O'Hara is manager of the bill department of the Federal Reserve Bank of New York.

The underlying principle of bankers' acceptances is that they should facilitate our foreign and domestic commerce. They should be drawn only for strictly commercial purposes, i. e., where their proceeds have been used or are to be used in producing, purchasing, carrying or marketing goods, in one or more of the steps of the process of production, manufacture or distribution. Under the terms of the Federal Reserve Act and the regulations of the Federal Reserve Board, only those bills which are drawn in certain kinds of transactions are eligible for rediscount or purchase by Federal Reserve Banks. These transactions are divided into five main classes, viz., import, export, domestic shipment, staples in warehouses and to furnish dollar exchange. There are many variations in the manner in which our domestic and overseas trade is financed by means of bankers' acceptances, and as the operations are very detailed and highly technical, it may suffice to describe a few classes of transactions very briefly.

For example, in the case of an import bill: An importer in New York wishes to buy tea from a merchant in Yokohama. The Yokohama merchant is not willing to make the shipment unless the New York importer is financially strong and is well and favorably known to him. The seller of the tea in Yokohama stipulates, therefore, that the New York importer must provide him with a commercial letter of credit, issued by a bank or banker of good standing, under which he may draw his bill. The New York importer obtains such a credit from his bank here and forwards it to the Yokohama merchant, who, upon its receipt, or cable advice of its contents, is then quite willing to make his shipment. After the latter delivers his goods to a steamship company and obtains from it his bill of lading, he attaches this, together with the other necessary shipping documents, to his draft, drawn at three or four months' sight on the bank which has issued the credit, and sells the draft to some bank in Yokohama at the current rate of exchange—thereby immediately obtaining payment in his local currency.

The bank in Yokohama then forwards the draft and shipping documents to its New York agency or correspondent. When the New York agency receives the draft and documents, it presents them to the drawee bank, which, after having satisfied itself that they are in order and that they comply with the credit, detaches and retains the documents, which it usually surrenders under trust receipt to its customer in order that he may obtain the tea, dispose of it and out of the proceeds retire the credit in due time. The drawee bank then accepts the draft and returns it to the New York agency of the Yokohama bank, which either holds it in its portfolio until maturity, or, in case of need, discounts it in the open market.

In the export transaction, the parties are transposed. In this case, it is an exporter here who is selling to a foreign importer and the seller is not willing to make the shipment unless the foreign buyer provides him with a dollar commercial credit, such as I have already referred to. The foreign buyer, therefore, seeks the assistance of his local bank, which arranges for its customer a credit with a bank here. Upon advice of the credit, the exporter makes the shipment, obtains the necessary documents, and draws his draft on the bank with which the credit has been established. The exporter then presents his draft and shipping documents to the drawee bank, which accepts and returns the draft to him and forwards the documents to the foreign bank which arranged the credit. The exporter then either discounts the acceptance at his bank or sells it in the open market.

In the case of an acceptance drawn against a domestic shipment, the principle is similar, in most respects, to the import bill already described. The credit is provided by the American buyer in favor of the American seller, under which the seller draws his draft on the buyer's bank, with the shipping documents attached.

Another class of eligible acceptances to which reference has been made consists of those secured by readily marketable staples stored in a warehouse, independent of the borrower. The owner

of the goods draws a draft upon the bank from which he has obtained a credit and lodges with the bank the relative warehouse receipt covering his goods as collateral security. The purpose of such a credit is to finance staple commodities for comparatively temporary periods pending their distribution into the channels of trade.

Banks may also create eligible acceptances for the purpose of furnishing dollar exchange. Such bills may be drawn by banks or bankers in certain countries designated by the Federal Reserve Board, where the usages of trade require the drawing of bills of this character. Their origin and purpose is most interesting. For instance, in the early years of trade between Europe and South America and, indeed, up to the time shortly before the outbreak of the Great War, the finances of most of the South American countries were usually at somewhat a low ebb. There was at all times a demand for funds with which to develop the natural resources and industries of the respective countries. The South American banks, consequently, carried only very small balances in London and other European centers. The steady flow of imports into these southern countries had, of course, to be paid for. In the ordinary course of trade, balances arising from these imports would be offset, in part at least, by the export of their natural products. As these, however, are largely of a seasonal nature, there were times during which South American bankers were unable to obtain a sufficient volume of export bills to cover their drawings in payment for imports. This was further complicated by the uncertainty of the mail service. It, therefore, became the custom for South American bankers to remit only ninety day bills on London in settlement for collections. In this manner they obtained extra time in which to purchase merchants' export sterling bills, offered from time to time in their market, the proceeds of which

provided funds to retire their own ninety day bills at maturity. It will be observed that while such bills are in a sense so-called "finance bills," they are in reality from a broad standpoint drawn in anticipation of subsequent exports of goods, out of the proceeds of which they are, in effect, liquidated.

Acceptances may properly be called the currency of trade by means of which payments are made for the huge amounts of goods and services constantly exchanged among nations. They bring to our shores our furs from the frozen North, our sugar and our coffee from the sunny lands of the Equator; they bring to us our wool from Australasia and our silks from the mystic Orient. They finance our huge exports of cotton from the South, of our grain and steel from the North. They send into far distant lands the vast stream of the products of our mines, of our fields and of our factories which represent the ingenuity and industry of our people. They foster in their infancy, support in their progress, and carry to a successful fruition the raw materials and finished products which constitute our trade with the nations of the world.

It has been said that opportunity knocks once at every man's door. Applying this to nations, it may be truly said that opportunity is not only knocking but clamoring at the doors of America. A war torn and bewildered world is looking to America to do her part in solving the tremendous problems of world reconstruction; and if we are to rise to the occasion to which the hand of destiny has called us, it will be in large measure by a wise, broadminded use of our bankers' acceptance credits and by liberal and judicious foreign investments that we shall facilitate the world's return to normalcy and build up a foreign trade and an international good feeling which will command the respect and admiration of all nations and which will add materially to our own prosperity and happiness.



Banking and Commercial Law

SPECIAL

The **BANKERS
MAGAZINE**

SECTION



WHEN this bank was organized in 1810 there were only three banks in New York.

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Head Office: 20 Nassau Street

Capital, Surplus and Profits
\$27,500,000

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\$180,500,000

Combined Statement of Condition

HEAD OFFICE AND BRANCHES

BANK OF ITALY

SAVINGS

COMMERCIAL

TRUST

HEAD OFFICE, SAN FRANCISCO

MEMBER FEDERAL RESERVE SYSTEM

December 30, 1921

RESOURCES

First Mortgage Loans on Real Estate.....	\$59,079,594.05	
Other Loans and Discounts.....	57,832,140.66	\$116,911,734.71
United States Bonds and Certificates of Indebted- ness	\$20,983,484.52	
State, County and Municipal Bonds.....	13,734,789.56	
Other Bonds	8,406,407.86	
Stock in Federal Reserve Bank.....	375,000.00	
TOTAL U. S. AND OTHER SECURITIES.....		43,499,681.94
Due from Federal Reserve Bank.....	7,563,404.97	
Cash and Due from Other Banks.....	16,886,667.84	
TOTAL CASH AND DUE FROM BANKS.....		23,950,072.81
Banking Premises, Furniture, Fixtures and Safe Deposit Vaults	7,202,029.59	
Other Real Estate Owned.....	341,014.65	
Customers' Liability under Letters of Credit and Acceptances.....	451,463.53	
Interest Earned but not Collected.....	1,219,042.38	
Employees' Pension Fund (Carried on Books at).....	1.00	
Other Resources	604,409.19	
Total Resources		\$194,179,449.80

LIABILITIES

DEPOSITS		\$177,867,610.68
Dividends Unpaid	601,802.04	
Discount Collected but not Earned.....	91,285.88	
Reserved for Taxes and Interest Accrued.....	130,339.61	
Letters of Credit, Acceptances and Time Drafts.....	451,463.53	
Bills Payable, Federal Reserve Bank.....	None	
Rediscounts, Federal Reserve Bank.....	None	
		\$179,142,501.74
*Capital Paid In.....	\$10,000,000.00	
*Surplus	2,500,000.00	
Undivided Profits	2,536,948.06	
TOTAL CAPITAL, SURPLUS AND UNDIVIDED PROFITS		15,036,948.06
Total Liabilities		\$194,179,449.80

*By the issue of 50,000 additional shares of stock on July 3, 1922, the PAID IN CAPITAL will be increased to \$15,000,000.00 and SURPLUS to \$5,000,000.00.

All charge-offs, expenses and interest payable to end of half-year have been deducted in above statement.

The Story of Our Growth

As Shown by a Comparative Statement of Our Resources

December, 1904	\$285,436.97
December, 1908	\$2,574,004.90
December, 1912	\$11,228,814.56
December, 1916	\$39,805,995.24
December, 1920	\$157,464,685.08
December 30, 1921.....	\$194,179,449.80

NUMBER OF DEPOSITORS, 291,994

Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts
Upon Questions of the Law of Banking and Negotiable Instruments

Damages for Wrongful Dishonor of Check

Grenada Bank v. Lester, Supreme Court of Mississippi, 89, So. Rep. 2.

THE plaintiff, a customer of the defendant bank, deposited the sum of \$43.10 to his credit. Through a mistake on the part of the bank's bookkeeper this deposit was credited to the account of another depositor, having a name somewhat similar to that of the plaintiff. As a result of this mistake a check subsequently drawn by the plaintiff was dishonored for want of sufficient funds.

The plaintiff brought suit against the bank for damages and the trial judge instructed the jury that, in fixing the amount of damages, consideration should be given to "the embarrassment and humiliation, if any, suffered by the plaintiff by reason of the dishonor of his check." The jury assessed damages in the sum of \$500. The bank appealed and the Appellate Court decided that the instruction given by the trial court to the jury was erroneous, the rule being that depositor is not entitled to damages for embarrassment and humiliation, in a case of this kind, unless it appears that the bank was actuated by malice or oppression.

Since it appeared that the refusal of the check was due to an honest mistake on the part of the bank, the judgment was reversed and the case was remanded for a new trial, for the purpose of properly assessing damages.

OPINION

Appeal from Circuit Court, Yalobusha County; E. D. Dinkins, Judge.

Action by William Lester against the Grenada Bank. Judgment for plaintiff, and defendant appeals. Reversed and remanded.

Caldwell & Caldwell, of Charleston,

and Stone & Stone, of Coffeeville, for appellant.

H. H. Creekmore, of Water Valley, for appellee.

HOLDEN, J. This is a suit for damages by appellee, William Lester, against the appellant, Bank of Grenada, for failure of the bank to honor his check when he had sufficient funds on deposit. From a judgment for \$500, the bank appeals.

The Grenada Bank has two branches, one at Oakland and one at Charleston, B. S. Lester, father of appellee, deposited \$43.10 in the bank at Oakland for the credit of his son, William Lester. At the time of this deposit the bank had on its books the deposit accounts of one "Will V. Lester" and one "Will Lester." In posting the said deposit of appellee, William Lester, the bookkeeper made the mistake of crediting the \$43.10 deposit to "Will V. Lester," instead of to appellee, William Lester. About two months thereafter appellee, William Lester, also deposited in the Bank of Oakland \$104 to his credit. Following this, appellee drew several small checks against his deposits which reduced his credit on the books to \$85.10. About one month later the appellee drew a check in favor of his father for \$100, which was deposited for collection in the said bank at Charleston, and forwarded in the regular course of business for collection through the Bank of Commerce and Trust Company of Memphis, Tenn. When the check reached the Oakland bank the account of appellee, William Lester, did not show a sufficient balance to cover the check; consequently the \$100 check was returned through the same channels to the Bank of Charleston, indorsed "insufficient funds." A few days after this, complaint being made about the check having been dishonored, an investigation by the bookkeeper at the Bank of Oakland disclosed the mistake that had been made by him in crediting

the \$43.10 to one "Will V. Lester," instead of to the appellee, William Lester. The matter was discussed between the parties, and the Bank of Oakland promised to have the \$100 check returned to it through the Memphis channel for payment; but for some unknown reason the dishonored check was not returned, but was finally disposed of at the Charleston bank, and the funds due the appellee were paid over and accepted by him. This suit was then filed for damages for the failure of the bank to honor the check.

The appellant bank presents two points for reversal, viz.: First, that no recovery can be had by the appellee, except for nominal damages; and, second, that the court erred in granting the following instruction to the plaintiff.

"The court instructs the jury to find for the plaintiff, and assess his damages at such sums, not in excess of the amount sued for, \$2,000, as they believe from the evidence that he is entitled to recover; and in fixing the amount of damages the jury should consider the damage to his financial or business reputation or standing, if any, and the embarrassment and humiliation, if any, suffered by the plaintiff by reason of the dishonor of his check."

The main objection to the instruction is that it allows the jury to assess damages for "embarrassment and humiliation"; it being urged by the appellant that no damages for embarrassment and humiliation can be allowed, because the facts in the case do not warrant the recovery of punitive damages, which would be necessary before damages for embarrassment and humiliation could be awarded.

The questions presented are of first impression in this court, and we must look for guidance to authority established in other jurisdiction. The law is, and so conceded by all, that where a bank fails to honor a check drawn upon it by a depositor, who has sufficient funds therein to cover the check, it is liable for damages to the depositor. Whether such damages are nominal, substantial, or punitive is, we think, to be determined by the facts and circumstances of the particular case.

There seems to be some conflict in the authorities, but the modern and better rule appears to be that, where the bank wrongfully dishonors the check, it is liable for substantial damages to the injured depositor as 'compensation; and this is true, regardless of whether the depositor is a trader, business man, private citizen, or professional man. When wrongful dishonor is shown, substantial damages may be inferred, because of the peculiar nature of the wrong; and it is for a jury to assess reasonable compensation to the injured party, if he is substantially injured, and nominal damages, if not substantially injured. Some authorities say that the damages in all of such cases are substantial, but should be "temperate." The assessment must be reasonable, according to the facts and circumstances of the particular case, with reference to the extent of the injury suffered by the depositor in his credit standing and reputation. We think this is the correct view, and we adopt it. *Patterson v. Marine Bank*, 130 Pa. 419, 18 Atl. 632, 17 Am. St. Rep. 780; *Atlanta Bank v. Davis*, 96 Ga. 334, 23 S. E. 190, 51 Am. St. Rep. 139; *Hilton v. Jesup Co.*, 128 Ga. 30, 57 S. E. 78, 11 L. R. A. (N. S.) 224, 10 Ann. Cas. 987; *Spearing v. Whitney Bank*, 129 La. 607, 56 South, 548; 5 R. C. L. 550; 7 C. J. § 425, p. 696. The question of alleging and proving special damages in addition to general compensatory damages does not arise here, and therefore is not passed upon.

Coming to the second point presented by the appellant, with regard to the correctness of the instruction given appellee on damages for "embarrassment and humiliation"; we do not think the evidence in this case is sufficient to warrant the recovery of punitive damages; therefore the instruction is erroneous, because no damages can be allowed for "embarrassment and humiliation," unless the facts of the case show willfulness of malice which would warrant punitive damages. This court has decided repeatedly that damages for mental pain and suffering, such as humiliation and embarrassment, disconnected from physical injury, cannot be recovered, unless allowed as a part of puni-

tive damages. *W. U. Tel. Co. v. Rogers*, 68 Miss. 748, 9 South, 823, 13 L. R. A. 859, 24 Am. St. Rep. 300; *American National Bank v. Morey*, 113 Ky. 857, 69 S. W. 759, 58 L. R. A. 956, 101 Am. St. Rep. 379; *W. U. Tel. Co. v. Ragsdale*, 111 Miss. 550, 71 South, 818; *W. U. Tel. Co. v. Koonce*, 112 Miss. 173, 72 South, 893.

The testimony in this case, viewed in its strongest aspect for the appellee, shows a mere mistake of the bookkeeper in crediting the deposit to a depositor with a similar name to that of appellee. The conduct of the bank and its officers, in their efforts to straighten out the matter after the mistake was discovered, cannot, in our opinion, be characterized as willful or malicious; therefore only substantial compensatory damages could be allowed appellee by the lower court.

For the error in granting the instruction complained of, the judgment of the lower court must be reversed; and as the question of liability is settled against the appellant bank, the case will be remanded for a trial as to the amount of damages only.

Reversed and remanded.



Check as Payment in Full

Sylva Supply Company v. Watt, Supreme Court of North Carolina, 107 S. E. Rep. 451.

Where there is a genuine dispute between a debtor and creditor as to the amount due and the debtor tenders a check as settlement in full, which check is received and cashed by the creditor, the claim is extinguished and the creditor is precluded from thereafter bringing action to recover the balance claimed by him. In this case, the defendant was indebted to the plaintiff for groceries and there was no dispute as to the amount due. The defendant claimed that the plaintiff was liable to him for certain damages to his automobile, which claim the plaintiff disputed. The defendant tendered a check for the amount he considered due the plaintiff,

which check the plaintiff accepted. It was held that the rule referred to applied in these circumstances and that the plaintiff had no further claim against the defendant.

OPINION

Action by the Sylva Supply Company against W. W. Watt to recover on grocery account. Judgment for plaintiff, and defendant appeals. Reversed.

The plaintiff rendered the defendant a statement of his account; and in response to same the defendant deducted \$45 from the bill for damages done to his automobile by the plaintiff's truck driver and mailed plaintiff a check, stating it was "in settlement of account." The plaintiff cashed the check, and there was evidence tending to show that a letter was written to the defendant containing the information that plaintiff would not allow said deduction, as the damage to the car would not exceed \$8 or \$10, but defendant testified that this letter was never delivered. Plaintiff also stated that suit would be necessary in order to settle the alleged claim for damages. Later defendant received another and revised statement of his account, and in reply thereto he again deducted the \$45, calling attention to what it was for, and mailed his check to cover the difference, stating that this "balances the account between us."

Plaintiff deposited the check and credited same on defendant's account, and then brought suit for the alleged balance of \$45. Defendant denied liability and contended that the account had been settled by reason of the acceptance of the checks as above detailed.

Defendant moved for judgment as of non-suit at the close of the plaintiff's evidence and again at the close of all the evidence. Motions overruled and exceptions.

From a verdict and judgment in favor of plaintiff for \$45 interest and costs, the defendant appealed.

STACY, J. It will be observed that the defendant's claim of \$45 for damages to his automobile had been brought to plaintiff's attention, and the parties

were in sharp dispute about the matter. The amount to be allowed and the method of adjustment were both in controversy. It is true the grocery account was not denied, but it clearly appears that defendant's first check was sent "in settlement of account," and the second was inclosed in a letter containing the statement that this "balances the account between us." The item of \$45 for damages to the automobile was deducted in both instances. There was no ambiguity or grounds for misunderstanding defendant's tender and offer of settlement. Obviously he wanted to adjust all of their differences at one and the same time. The plaintiff had its choice, and we think it is precluded by its acceptance and election knowingly made. The check should have been returned if the conditions of its acceptance were not satisfactory, or at least the defendant should have been given an opportunity to say whether he would waive the conditions and allow the check to be credited on account.

"If a check is sent in full payment of a debt and the creditor receives and collects it, he is bound by the condition annexed to its acceptance. He will not be permitted to collect the check and repudiate the condition." *Aydlett v. Brown*, 153 N. C. 334, 69 S. E. 243.

And again in *Rosser v. Bynum*, 168 N. C. 340, 84 S. E. 393, the rule is stated as follows:

"It is well recognized that when, in case of a disputed account between parties, a check is given and received clearly purporting to be in full or when such a check is given and from the facts and attendant circumstances it clearly appears that it is to be received in full of all indebtedness of a given character or all indebtedness to date, the courts will allow to such a payment the effect contended for"—citing *Armstrong v. Lonon*, 149 N. C. 435, 63 S. E. 101; *Kerr v. Sanders*, 122 N. C. 635, 29 S. E. 943; *Pruden v. Railroad*, 121 N. C. 511, 28 S. E. 349; *Petit v. Woodlief*, 115 N. C. 125, 20 S. E. 208; *Koonce v. Russell*, 103 N. C. 179, 9 S. E. 316. See, also, *Mercer v. Lumber Company*, 173 N. C. 49, 91 S. E. 588.

Plaintiff contends that the correctness of the grocery account was not in dispute, and that the principles of accord and satisfaction are therefore not applicable to the facts here presented (*Bogert v. Mfg. Co.*, 172 N. C. 248, 90 S. E. 208), but we must view the case in all of its bearings. The parties were caviling as to whether any allowance should be made for damages to defendant's automobile in settling the store account. In other words, they were contending over the question as to whether the two claims should be considered and settled together by deducting the one from the other and paying the balance, or divorce the two and consider them separately. Upon the basis of adjusting both accounts at the same time, defendant mailed his check for the difference between the two, and this was accepted by the plaintiff. Under these circumstances, the facts being admitted and not denied, we think the defendant's motion for judgment as of nonsuit should have been allowed.

Reversed.



Amount of Attorneys' Fees Recoverable

In re Harris, District Court of Pennsylvania, 272 Fed. Rep. 351.

A provision in a \$16,500 note for five per cent. attorneys' fees "if collected by legal process" is reasonable, but, under such a clause, all that can be recovered in the way of attorneys' fees is five per cent. on the amount of the note that is collected through the services of an attorney.

OPINION

In Bankruptcy. In the matter of William Harris, bankrupt. On petition by the Miners' Bank of Wilkes-Barre for review of an order of the referee disallowing a portion of its claim. Report referred back to referee, with instructions.

WITMER, District Judge. The Miners Bank of Wilkes-Barre has

brought here for review the order of the referee, disallowing portion of its claim proven, in so far as the same relates to attorney's commission on a note held by the bank against the bankrupt and others.

A promissory note, dated April 27, 1916, for \$16,500, with interest at six per cent., payable to the bank, was executed and delivered to it by Phillip Harris, Sr., William Harris, and John Reese. The note contained a power of attorney to enter and confess judgment. It also provided allowance for an attorney's fee of five per cent. if collected by legal process.

May 6, 1916, judgment was entered on the note by confession in the court of common pleas of Luzerne county. February 5, 1918, \$4,800 was paid on account of principal. September 11, 1919, execution was issued and levy made on the real estate of Phillip Harris, Sr., which was afterwards stayed. November 3, 1919, execution was issued and levy made on real estate of John D. Reese, realizing by sale \$3,000, which was applied, as follows: Sheriff's costs, \$143.40; taxes, \$276.55; applied on judgment, \$2,580.25. Phillip Harris, Sr., died, and his estate paid on distribution, April 9, 1920, \$8,576.90, leaving a balance due on the judgment, exclusive of attorney's fees, \$1,521.50. This balance was allowed and awarded to the bank. The contention is that a further sum of \$585 is due and should have been allowed on the judgment and on account of the attorney's fees.

Where the holders of a note, providing allowance for attorney's fee, employ counsel to enforce collection, the commission stipulated in the instrument is usually allowed, unless such is highly exorbitant for such services rendered.

The agreement of the parties, however, is of importance, and governs, as in all other business transactions.

In the present case it was provided that an allowance of five per cent. should be added, if collected by legal proceedings. I take it that by this was meant that, in addition to the amount so collected, five per cent. should be added for counsel's services. The amount of \$3,000 was enforced by legal proceedings, and for such service the sum of \$150 is due and may be added to the judgment.

That the attorney's fee was not incorporated and made part of the judgment on entry or revival is not important here. The fee attached to the judgment in the event of collection by legal proceedings in proportion to the amount collected, and became part of it as costs to which plaintiff is entitled.

Referring to the money obtained from the estate of Phillip Harris, Sr., and credited on the judgment, it may be noted that, since it does not appear that the same was obtained through legal proceedings, in which services by attorney were required, there can be no allowance on account.

As to the balance allowed by the referee out of the bankrupt estate, no allowance is made, because the services of attorney, if any, were not required, nor had compensation for such services matured before bankruptcy proceedings were instituted. *In re Gebhard* (D. C.) 140 Fed. 571; *In re Garlington* (D. C.) 115 Fed. 999; *In re Keeton, Stell & Company* (D.C.) 126 Fed. 429; *In re Milling Company* (D.C.) 16 Am. Bankr. Rep. 456, 144 Fed. 314.

The report is referred back to the referee, to make distribution agreeably, as herein indicated.



Hidden Treasure

By G. E. Rines

IT may be because there is a tremendous volume of bond and stock issues to be absorbed, new capital to be provided in other ways, more mortgages to be provided for, improvements and extensions to be financed; it may be because large numbers of Liberty bonds were discovered to have been purchased by individuals who had no bank accounts; perhaps it was the truth brought home by the quick recovery of France for the second time, helped in a great measure by the contents of the cracked teapot — whatever it was, whether past experience or present need, the banking institutions of the country are making a wise and timely drive for the hidden talent buried in a napkin, for the slacker dollar doing a "Rip Van Winkle" in the stove-pipe hole and the old stocking.

It is a splendid thing, this drive, not only for those who as a result will put their idle dollars to work, but also for the banks who will get in even closer touch with the communities they are in a position to serve.

The right sort of thrift, like any other idea or commodity, must be *sold*, and the attitude of some of the banks, more especially the savings banks, has not been as conducive to propagating the idea in the past as it might have been—their attitude being one of conferring a favor rather than soliciting business.

Two little incidents that have come to the writer's attention indicate that there is still "hidden treasure" to be dug up. The first indication of that truth was when one of the managers of a large trust company in New York just recently sold to a physician, who never had a dollar in any bank, \$10,000 worth of bonds. The money was "drawn" from a safe deposit box and was in small bills, the highest being in denomination of \$20.

The other incident occurred in a little hamlet in New Jersey, which today numbers only 1,800 population. Thirty-

two years ago a man who kept a little country store decided that even though the banking town was only nine miles distant, he would start a bank. With what? Chiefly the prospects of "hidden treasure."

This bank since it started thirty-two years ago has prospered, and its present president tells a little story of some buried gold that even he had not found in his own little community. It seems that a year or two ago he was asked by the wife of one of the farmers in the vicinity how they could pay off a small mortgage of \$1,700 to a man in New York. For twenty years this mortgage had been on the homestead, and for twenty years the gold necessary to pay it had lain behind a loose stone in the cellar. The banker looked at the blackened gold which the woman was asking him to transmit, and he explained to her how foolish it was to have paid interest on the \$1,700 mortgage for twenty years, and to have allowed the gold to lie hidden in the cellar without acquiring any interest for it. "Well," she said, "we just sort of felt we would like that gold by us."

It had taken that man and woman twenty years to learn to turn to a bank for both safety, economy and service.

Perhaps it was the fact, established to the satisfaction of our banking fraternity during the war that millions of dollars were not put into circulation, or were put into circulation through mere waste, that has galvanized the savings banks into a drive for a million new accounts. And it seems reasonable to believe that the result of this effort along these lines will contribute to our prosperity in the future, and perhaps it is not such a wide guess to believe that quite a substantial percentage of the deposits which will be made by this million new accounts will come from the ginger jar, from inside the old clock, from under the loose tile in the hearth, and from the pockets of those

who used to think that there was no use trying to put a paltry fifty or one hundred dollars to work.

It has been said, and the demonstra-

tion of the saying is never more thoroughly apparent than today: that "personal and family thrift is the basis of national prosperity."



What Does the Average Business Man Think of His Bank?

By Richard F. Durham

To be able to see ourselves as others see us is always helpful even if not flattering. In the following article the banker may read the opinions of some average business men on banking service. Most of these expressions bear out the often-heard assertion that banks are better understood today than ever before and that the old popular notion of a bank as a cold-blooded machine has definitely passed on.—[THE EDITOR].

WHAT do outsiders think of banks, bankers and banking service? Do bankers, by their attitude and actions, invite the confidence of the average business man, or does the latter feel that bankers are, in general, unwilling to cooperate with him in a spirit of friendly helpfulness, and that, as a rule, they hold themselves aloof from him, or are even antagonistic toward him?

For the purpose of getting outside opinion on bankers, and on banks, their atmosphere and the service they render, the editor of a monthly trade journal has sent out a questionnaire to a number of readers of the magazine residing in all different parts of the country, for the purpose of determining their respective attitudes toward, and their collective viewpoint on, banks and banking.

The questions asked are five in number, and run as follows:

1. Do you think the bank renders the average business man as much service as it should?

2. How can the banker cooperate better with the business man?

3. Do you find the atmosphere of the average bank cold and repelling, or friendly and inviting?

4. Do you think that banks are doing all they can to promote thrift and encourage savings?

5. What improvements would you suggest?

The predominating tone of the collective answers to these five questions is highly, even surprisingly in many cases, favorable to the banks and bankers of the country at large. At least ninety per cent. of the replies show a commendable expression of appreciation for the services which banks and bankers have been, and are, rendering to business and the general public.

BANK SERVICE

The responses to the first question show that the majority of those responding not only believe that the banks render the average business man good service, but are glad to express their appreciation of the helpfulness of that service. Some of the replies as to whether or not banks render the service they should run as follows, taking one section of the country at a time:

New England:

Vermont:

"Absolutely, and it renders some more than they are entitled to. It is a business man's own fault if he does

not obtain valuable assistance from his bank or banks."

"Yes, our banks have been more than liberal, granting credit when men have only moral standing in the community and no collateral."

"The banks do not render good service when they send money outside the state and get from eight to twelve per cent. on it instead of six per cent., which is the legal rate in Vermont."

New Hampshire:

"Very often the banker goes beyond his limits through misrepresentations of the borrower."

"The schemer, the smooth talker, and the bluffer have no trouble, but average deserving business is more often than not discouraged because of the difficulty in getting long time loans."

Massachusetts:

"There are, no doubt, specific cases where service is lacking, but there are others where it is more than conditions warrant."

Eastern States:

New York:

"Many think that the bank should let them have all the money they want, regardless of their balances and habits."

"We have no fault to find."

Pennsylvania:

"I have been rendered every reasonable service consistent with safety."

Southern and Southwestern States:

North Carolina:

"Bank service is much better than it used to be."

South Carolina:

"We have nine banks, and my observation is that they are doing everything possible to further the interests of our town, and of the community generally."

Texas:

"Our banks will assist any business man who is honest, who conducts his business in a business-like manner, and who makes a reasonable profit on his goods."

"We think the average banker can tell after talking to the average business man for a few minutes whether the business man believes in himself and his proposition, and the banker as a rule renders all the assistance the proposition will bear, and sometimes more."

Louisiana:

"The average deserving business man of our city is being well served by the banks."

Georgia:

"There is too much of a tendency to run the banks in the interests of a few. The functions of banks are not so generally understood as they should be."

Middle Western States:

Ohio:

"I have never had any trouble getting good service."

"I believe any man who can give good security can always get all the money he wants."

"The average business man gets all the service he pays for, and then some."

"As a rule the banks render all service that the standing and rating of the customer will justify. It is to the interest of the banks to do so."

Illinois:

"The bankers here render good service, especially according to individual deserts."

"If every man starting in business for himself was treated by his bankers as I have been by mine, he would be greatly encouraged."

"The service is good considering the necessary limitations imposed by the Federal Reserve to meet the demands of the times."

Indiana:

"Banks here render good service to the honest business man."

"I have never asked a bank for help which was not given freely and without stint."

Iowa:

"The writer has always been given greater credit than he has really been entitled to."

Western and Northwestern States:

Colorado:

"We get splendid service, in fact all we could ask."

Wisconsin:

"Yes, but the service depends largely on the way the customer handles his account. In order that his account be profitable to the bank he must maintain a fair balance and be prompt in meeting all obligations. This will have much to do with the line of credit extended him by the bank."

"We have always found that we could get any reasonable needed accommodations."

Minnesota:

"The banks should use more common sense in loan restrictions, as many deserving business men are put out of business when, in cases of extreme necessity, they are refused loans."

COOPERATION

The answers to the second question "How can the banker cooperate better with the business man?" brings out the feeling on the part of many of those replying that many business men ought both to their own and their banker's advantage, to make a more detailed study at regular intervals, of the condition of their respective businesses and that bankers should inform themselves fully about the workings of various business enterprises, and of the individual needs of the average business man who is engaged in those enterprises and who calls at intervals for assistance from the banker. It is made quite evident though in at least eighty-five per cent. of the replies, that there is a belief, based in many cases on experience, that the average deserving business man can usually borrow enough to suit the needs of his particular case. Many feel that the banker is often too liberal in his granting of a loan. The varied suggestions, and occasional criticisms, are brought out in some of the following answers:

New England States:

Vermont:

"Every manufacturer should furnish to his bank twice a year a complete report or balance sheet of his financial standing."

"The banker should study the needs of the individual client instead of applying hand-forged theories to the rank and file of his customers."

"The banker should use more discretion in making loans, and never approve one that will bring injurious competition to the bank's friends already engaged in that particular line of industry."

"The banks should loan their money in their own state, and not try to get a larger per cent. by sending it out West."

New Hampshire:

"The banker should arrange a series of meetings of different classes of business men at different times for the purpose of improving the relationship and mutual understanding between the banker and the business man."

"I do not see how the banker goes as far as he does in his cooperation."

Connecticut:

"Bankers should treat the business man as one business man treats another. Too many banks seem to think that you do them a favor when you become their client."

Massachusetts:

"The banker should make the average man feel that the bank wants to do business, and that he does not have to leave his shoes outside before entering."

Eastern States:

New York:

"The business man ought oftener to consult and confer with his banker."

"When a business man asks for a loan from his banker he should be prepared with a clear and complete statement of the condition of his business. Loans are frequently declined because of

muddled statements. This means a loss to both borrower and lender."

Pennsylvania:

"The banker should show the small merchant the same consideration that he shows big business."

Southern States:

South Carolina:

"The banker should study diligently the nature of, and opportunity for, established and new trade and industry in his town and locality, and should be personally well acquainted with leaders of the trade and industry in the community."

Kentucky:

"The average banker looks askance at the small merchant."

Georgia:

"Business men should know more about their particular business, and about the principles of business in general, than most of them know. The banker can help them in this."

North Carolina:

"When bankers reach the point where they realize that the only way they can succeed is through the success of their clients, there will be no need to suggest any remedy."

Middle Western States:

Illinois:

"The banker should show a more thorough knowledge of facts pertinent to his clients' business, and not leave so much to personal appraisal."

"The banker should visit places of business oftener; know more about business affairs; and know business men better personally."

Ohio:

"The business man should let the banker know more about his business affairs."

"The matter of cooperation depends on the frankness of the customer, and the merit of his needs.

Northwestern and Western States:

Wisconsin:

"Business men should be more honest with bankers. When the business man needs assistance he should give his banker an honest statement of his affairs, and will in most instances profit by so doing."

Colorado:

"We get splendid cooperation from our banks."

BANK ATMOSPHERE

Most of the answers to the third question, "Do you find the atmosphere of the average bank cold and repelling, or friendly and inviting?" show a consensus of opinion that the atmosphere of the present day banks is as a rule both friendly and inviting. There are, of course, some few who take exception to this belief, and there are many who in past years have felt that the atmosphere of the average bank was somewhat cool and heavily formal, and who note a decided change for the better. There is on the part of not a few the feeling that it is perhaps the hesitant and reserved manner in which many business men approach their bankers which is responsible in large measure for a feeling on the part of the former that the banker is none too cordial. Some of the answers follow:

New England States:

New Hampshire:

"There has been a big change for the better in the past three or four years."

Massachusetts:

"The old spirit was cold, but a better day has come, and competition has forced the banks to be more friendly and inviting."

Connecticut:

"A good many are cold and repelling, but the condition has improved a great deal in the past few years."

Eastern States:

New York:

"We have always found our banks friendly and polite, and disposed to be friendly and accommodating."

"Our banks have always stood ready to help us in any matter upon which we own oil industries.

Pennsylvania:

"The banks in our town are most friendly, and make it a point to be aboveboard."

"I find the atmosphere of the average bank repelling."

"The majority of banks are cold and repelling, but once in a while we find one eager to be of service."

Southern and Southwestern States:

Texas:

"We think the average banker is friendly and inviting, while the average business man is hesitant and reserved, when asking for a loan. A banker is just as anxious to loan his surplus money as the business man is to borrow it, but the banker wants to be reasonably sure that the loan will be paid when due."

"We do not find the average bank cold or repelling in this section."

Georgia:

"We find the banks friendly. Some people may feel that they are on the outside looking in, but that may be through some fault that is as much theirs as it is that of the bank."

Kentucky:

"The atmosphere here differs in accordance with whether you want to deposit or borrow."

Louisiana:

"We find the atmosphere of our banks friendly and inviting."

South Carolina:

"We find our banks friendly and inviting."

North Carolina:

"We know our bankers by their first names, and they are always trying to help us."

Middle Western States:

Indiana:

"The cold and repelling atmosphere is almost a thing of the past. When a

business man has shown that his word can be relied on, the bank will be as friendly and inviting as could be desired."

"We find the atmosphere of our banks cold."

"We find the atmosphere of our banks friendly and inviting."

Illinois:

"I find the average banker, I might say the great majority of bankers, ready to extend any courtesy that a man might expect."

"We do not believe that the cold and repelling atmosphere that we hear so much about exists in any real banking institution."

"Our bank is exceptionally friendly and inviting."

Ohio:

"I have had dealings with four different banks, and believe that conditions are as you make them. If you are indifferent, you invite that attitude on the part of the bank."

Northwestern and Western States:

Wisconsin:

"In this locality I believe that every bank makes it a point to be friendly and to have a spirit of cooperation."

"Bank atmosphere depends on the way in which the banks are approached, and on the standing in the community of those who approach the banks."

"I think our banks are friendly to those who deserve their support."

Minnesota:

"It is easier to get in touch with officials in small banks than in those of larger cities."

"I find the banks cold and repelling, and frequently insulting. They seem to think they are doing me a favor in handling my account."

Colorado:

"The atmosphere of the banks here is always friendly and inviting."

DO BANKS ENCOURAGE SAVINGS?

Answers to the fourth question, "Do you think that banks are doing all they

should to promote thrift and encourage savings?" show an appreciation of the fact that banks have, in most sections of the country, made an effort in these directions by advertising, and through various other media. The feeling exists in many cases that the banks might intensify and carry further their efforts, and from some localities is heard a protest that the banks are not doing what they should toward these ends. Some of the answers read:

New England States:

Vermont:

"More extensive educational campaigns about savings and thrift should be carried on by the banks."

"The banks promote thrift and encourage savings because they want your money at four per cent. to send out West at eight, ten and twelve per cent."

Eastern States:

New York:

"Pay envelopes with thrift maxims printed on them often start savings and deposits, and, by repetition, keep the workman's mind on these topics."

Southern and Southwestern States:

Virginia:

"There are two banks in this town, and as far as I can see they don't care what you do with your money. There is no guidance, and no encouragement for children or adults to save or invest in anything."

North Carolina:

"The banks here, as well as their customers, need education toward the end of encouraging thrift and promoting savings."

South Carolina:

"The banks in this state are aggressive in promoting thrift."

"The banks should do more to encourage thrift on the part of small wage earners."

Georgia:

"The banks here in the South do not encourage thrift and promote savings as

they should. There are few savings banks and the people do not know the principles of systematic saving as they do in other parts of the country. Perhaps the banking laws are at fault. If so the laws should be remedied. The banks can educate the people up to a greater appreciation of the importance of saving."

Texas:

"We think that the banks are doing all they can to promote thrift and encourage savings."

Middle Western States:

Illinois:

"The bankers in our community are doing all they can to encourage thrift."

"Every bank in our city is doing all it can to promote thrift and encourage savings. Most of them are advertising in the daily papers."

Indiana:

"In our community a great effort is being made by all banks, through the many advertisements, to promote savings."

Ohio:

"Our banks are working along the lines of thrift and savings, and have been for the past three or four years."

"They are undoubtedly encouraging savings, as their volume of business, and consequent profits, depend on savings."

"They might do more."

West and Northwest:

Colorado:

"In our state the banks encourage savings."

Wisconsin:

"Banks here are doing everything in their power to promote thrift and encourage savings. Most of them are mailing out circular letters in which they show people opportunities, especially for opening savings accounts, of which they can avail themselves."

SUGGESTED IMPROVEMENTS

Most noticeable perhaps among the replies to the fifth question, "What im-

provements would you suggest?" is the suggestion that the business man make an effort to facilitate cooperation on the banker's part by enabling the latter, through a full and accurate statement, to get a comprehensive idea of the business man's status, and to draw his conclusions accordingly. Mention is made of course of the advisability of advertising, and of trying to get a closer personal touch into the relations of banking and business with each other. One writer suggests that the banks show more interest in the young people in an effort to give them a better understanding of the importance of saving. Some of the replies to this question follow:

New England States:

Vermont:

"Banks should promote with zeal all civic welfare in their communities through local organizations."

Massachusetts:

"If a retail dealer would keep his books in such shape that they would reflect his real standing, and then take a statement to his bank and ask for a credit line for given periods of time, and then, at the end of that time, be prepared to take up the notes, a credit would soon be established that would give the accommodations needed."

"Concerns which want to borrow can help themselves by submitting detailed statements of their condition, advising the bank frankly and fully of any changes in their situation."

"I would suggest cooperative home patronage on the part of the banks."

Maine:

"I think that the bank and its patrons should be more intimately acquainted. Perhaps the officials or persons appointed for that sort of work should put in considerable time in becoming personally acquainted with the customers, so that when the time comes for a loan it will not be necessary for that cold unpleasant feeling, with talk

of referring the matter to the board, etc."

Eastern States:

Pennsylvania:

"I do not believe that the average business man handles the financial end of his business as carefully as he should, with the result that the banks have not the confidence in him that they might otherwise have."

Georgia:

"Banks now have such a wonderful power that their conduct is a matter of public and general interest. It is hoped that the time may soon come when more people will look on the banks as friends, and not as enemies. Your banker friend, in studying his duties and responsibilities, is taking a step in the right direction."

Mississippi:

"Place every loan possible at home, and use the banks to build up your own city."

Northwestern States:

Michigan:

"I suggest more courtesy to the young people. Get them to understand the necessity of saving."

GENERAL CONCLUSION

The responses to these five questions show that, where there is criticism directed at the relations between banker and business man the burden of any blame is felt to attach just as much, if not more, to the business man as the banker. Many who answered the foregoing questionnaire have quite obviously the feeling that the business man all too often neglects, in his relations with his banker, to keep his end of the bargain as he should. There is the feeling that the banker will go half way, or often more than half way, and that if the business man will only meet him on the middle ground, all will be well.



Currency Inflation and Public Debts

UNDER this title the Equitable Trust Company of New York has just published a timely and instructive study prepared by Prof. Edwin R. A. Seligman, giving a large amount of historical and statistical information relating to the debts and currencies of the leading nations of the world. Professor Seligman's study is introduced with an illuminating prefatory note by President Alvin W. Kreh of the Equitable Trust Company of New York, from which the following partial extracts are made:

"Currency inflation and public debts form a vexing problem which has called forth the liveliest discussion not only in the ranks of economists, but also among business people who find in the fluctuations of the foreign exchanges a constant reminder of the financial difficulties which confront the world. In asking Dr. Seligman to prepare for our enlightenment an historical sketch of currency inflation and public debts, we believed that a study of the past might well help us to understand better present-day conditions. Dr. Seligman's timely paper and his conclusions drawn from the lessons of history have encouraged us to present here, under the guise of a prefatory note, a few observations.

1. As is clearly pointed out, there is no such thing as a medium of exchange, money or currency which is not subject to fluctuations in value; gold, silver, copper, all fluctuate. Fiat money fluctuates not merely in accordance with the laws of supply and demand; the determining factor of its fluctuations is to be found in the credit of the issuing nation, and as every emission of such currency is the consequence of impaired national credit, it is, in effect, a step on the road to the possible repudiation of existing debts. As a consequence each step towards repudiation affects adversely the class which has invested its savings in obligations solvable in the forced currency, while it has a contrary effect upon the debtor class. For instance, the borrower of, say, one thou-

sand Austrian crowns which before the war represented, we will say, one hundred days' labor, may now repay the debt with one day's labor.

"But if such obligations were to be ultimately redeemed at par all the steps previously taken on the road to a possible repudiation would have to be retraced. The important thing to remember is that, in retracing the steps when the currency has been permitted to depreciate for the length of time and to the extent that has taken place in Europe, the debtor class is made bankrupt through the process of re-establishing the value of the currency just as the creditor class is injured by the depreciation of the currency; but it makes a vast difference in democracies, where the majority rules, "whose ox is gored." One thing seems clear, however, that, intrinsically, lands, buildings and other tangible property are only temporarily and indirectly affected one way or the other, inasmuch as their transferable or market value merely registers the corresponding domestic value of the medium of exchange.

"2. The pound sterling would be at parity with the American dollar even though not convertible into gold (except as affected by the balance of trade), provided the British Government debt were in a fair way to progressive liquidation. The same is true of the French franc. The trouble with these forced issues is that they are mere evidences of the fact that the credit of the nation is impaired, and it may be argued that the pound sterling and the franc will resume their upward trend to parity only when and so long as the national debt continues to decrease or the national wealth to increase.

"3. A stable currency, that is to say, a currency based upon its interchangeable value with gold at parity, however desirable, does not seem to be essential to free commercial interchange of credits and commodities.

"It is within the experience of the present-day banker and exporter that

business was safely and constantly conducted, between Colombia and Mexico, for instance, on the one hand, and the United States on the other, in spite of the fact that in the case of Colombia the value of its paper currency had fallen progressively to the extent of 99-100's of its gold standard, and in the case of Mexico the paper currency had been entirely extinguished. The fact is that a country which has no currency whatever, or the currency of which is totally valueless, can nevertheless conduct and engage in foreign trade just so long as it has something to export. Under such circumstances the currency used must of necessity be foreign currency, and foreign countries can deal with the nationals of countries whose currency is valueless, and deal safely, so long as the integrity of the persons with whom they transact business is sufficiently established and those persons are in control of exports sufficient to enable them to obtain foreign currency having an established value. This is precisely the method now pursued by the Austrian, German and Polish manufacturer who is dependent upon the importation of foreign raw materials for the conduct of his business.

"4. The extraordinary currency inflation of the various late belligerent governments of Europe is setting up new and wholly factitious channels of world trade. Temporarily at least the trade of those nations having currencies nearest to so called parity is being violently wrenched from them by the industrial nations which are recklessly hurrying along the road to extreme inflation and financial ruin. The reason for this lies primarily in the fact that the purchasing power of the depreciated currency is for a time much greater at home than abroad during the progress of its depreciation, particularly when prices of vital necessities such as food, housing and transportation are controlled and fixed below cost of production and the government absorbs the loss by the further issue of currency. In other words, the home currency will buy more labor and domestic raw material combined for export purposes than



ALVIN W. KRECH

President Equitable Trust Company of New York

the quoted international exchange would lead one to believe.

"As to Germany, the question is frequently asked, is her progressive inflation part of a sinister scheme to avoid obligation, or, as stated by the German Minister of Reparation, a catastrophe resulting from the sale of the mark as a commodity in order to obtain the necessary means of affecting the reparation payments? In either case, where will it all end, and how can this miserable business be brought to a conclusion?

"How can any nation be expected to clean house and start afresh until certain essential conditions have been established? Dr. Seligman does not undertake to answer these questions. They belong to the realm of politics and statesmanship. How, for instance, can France be expected to relax her hold upon Germany until she, who for over forty years lived under the constant fear of invasion; who suffered most when war occurred and invasion came; until she feels a sense of security either

through an effective international guaranty or otherwise? Are the statesmen of the Allies equal to the task? Can they lead their peoples to adopt a course of conduct which, though vitally necessary, may seem (but only at first blush) inimical to self-interest, involving as it would the surrender of undoubted rights and the assumption of new and unaccustomed obligations?

* * * * *

"Europe must be given a true peace capable of bringing back faith in the future, without which her most strenuous efforts must remain sterile. Europe cannot live without a peace full of serenity, without good-will among its several nations; there is not one nation in Europe which can live without the good-will of the other nations."

After making a thorough examination of his subject, Professor Seligman reaches this conclusion:

"The final conclusion from our study is that just because of the interdependence of all great commercial countries in modern times, debt payment and currency reform have become international problems. It is not by impoverishing Germany, or preventing Poland from buying raw materials at what is to them grossly inflated prices, that any recovery is to be expected. No one can improve his own condition by impoverishing his customer. Nor can countries like Great Britain and the United States expect to benefit by an insistence on the immediate payment of the debts due to them by the Allies. Whatever arguments for the retention of these obligations may be advanced from the point of view either of possible political pressure or of a guarantee against some conjectural economic necessity of the future, it is obvious that such gigantic debts can be paid at present only through the medium of exports of goods from the debtor nations, a process which is bound to react disastrously upon the creditor nations by curtailing their exports. What has already happened to Great Britain in the shipping and coal industries is symptomatic of the perils attendant upon our pressing for im-

mediate or speedy payment of the Allied debts.

"Two things only will make it possible for the world to get on its feet again. One is for each country which has fallen into the quagmire of fiat money to set its face resolutely against further temptations, to reduce as far as possible its military and naval expenditures and to put its fiscal house in order by a prompt and vigorous application of taxation with a view of re-establishing budgetary equilibrium. But a taxation as excessive as that encountered today even in the United States, not to speak of the rest of the world, cannot be continued without hazard. No country can long endure the application of so large a part of the social income for purely unproductive consumption without suffering a marked retardation in the tempo of its economic progress. For it is only out of the setting aside of an appreciable surplus of annual production that a nation's capital can be replenished and the economic resources strengthened. Where this surplus is destroyed, or even nibbled into, by the conversion of the productive consumption of a normal economic life into the unproductive consumption of government outlay for military or naval purposes, the results are sooner or later bound to be disastrous. In the long run, political security cannot be purchased at the cost of economic debility. The beginning of wisdom is thus obviously some method of limiting armaments, a result that can clearly be achieved only by international agreement. In such an agreement even a country like the United States must be prepared for a policy to give and take and, if necessary, must be willing to recede from its old-time political policy of aloofness and isolation.

"But, in the second place, the necessary budgetary equilibrium will be made possible only and concurrently with a stabilization of the exchanges. This is also from the very nature of the case an international problem which must be met by international methods that it is not our function here to discuss.

"It is clear then that in the solution of the world's present economic and fiscal problems the United States must also play its part. The solution can be achieved only by a realization of the fact that as this gigantic conflict was universal in its scope and in its effects, so the remedy must be equally universal in character. Whether we desire it or not, we have all become integral parts of a stupendous world mechanism, no portion of which can cease to function without inevitably affecting the activity

of the rest. The slogan of economic and fiscal reform must be: 'Set your own house in order, but join with your neighbors in setting the world house in order.' To this imperious demand practical policies must be adjusted; for the sake of this economic necessity old shibboleths must be discarded and outworn political programs relegated to the dust heap. Not aloofness, but constructive co-operation in both politics and economics must henceforth become the watchword of the United States."



The New Revenue Law

AT last Congress has passed and the President has signed the new Revenue Bill. Perhaps the accomplishments of the new law were as well stated as they possibly could be in an address by Honorable Frank W. Mondell, the Republican House leader who said:

Now, Mr. Speaker, what have the conferees agreed upon? Just what is the effect of their action? If this conference report is adopted, we shall reduce the burden of taxation on the American people for this calendar year \$70,000,000. I wish it were more. I wish we could have relieved the tax on these soda fountains, where my boys and girls buy soda water, right away. I wish we could take the trying and vexatious stamp taxes off today. But we can not do it today. We propose to do it January 1 next.

But we have repealed \$70,000,000 of the burden for this year. From whom have we lifted this burden? We have relieved the fathers and mothers of the land and those caring for dependent relatives. We have encouraged those with families and those caring for relatives, relieving the burden upon them in the sum of \$30,000,000 by increasing the exemption from income tax for each such dependent in the sum of \$200. We have relieved heads of families with incomes not over \$5,000 in the sum of \$500 exemption each, and to the tune of \$40,000,000. All of the load lifted this calendar year is lifted on account of children and dependents, and from heads of families having salaries less than \$5,000 a year. That certainly is a good beginning.

Beginning next January we do better, because then we take off the transportation taxes to the tune of \$270,000,000. We lift \$25,000,000 of taxes from ice cream cones and soda water and soft drinks. We lift the taxes from articles of wearing apparel to the amount of \$18,000,000.

Beginning January 1 we shall no longer tax parcel-post packages, and the people will save \$20,000,000 during the year thereby. We shall encourage the fathers to provide for their families by relieving them of an annual tax burden of \$20,000,000 per annum on insurance policies, and we shall relieve the children from eight millions of taxes on candy.

No more shall the small boy and youth pay Uncle Sam four million a year on baseballs and footballs and baseball bats. Daughter can now have a Victrola and brother a mandolin without helping to pay a \$12,000,000 tax on musical instruments. We may have electric fans in summer and furs in winter without helping to pay Uncle Sam \$300,000 in one case and \$9,000,000 in the other. Sister Sue is no longer to be taxed on her face powder or her chewing gum, and brother Bill no longer is to be taxed on his toilet or shaving soap.

The gentlemen who have been assisting the committee in the preparation of the bill and advising them, from expert knowledge, as to the revenue to be expected under its provision have been good enough to prepare me a table of the amounts by which the taxes are to be lifted by this bill.

The committee experts estimate the tax lifting and revenue reduction during the calendar year 1922 as follows:

Estimated reduction in taxes as compared with present law for calendar year 1922

Source of revenue	Estimated revenue, present law	Estimated revenue, conference bill	Estimated reduction in tax
Income tax: Individual, normal tax, increases exemption:			
Dependents	\$30,000,000	.....	\$30,000,000
Head of families.....	40,000,000	.....	40,000,000
Surtax	60,000,000	.....	60,000,000
Capital gains	20,000,000	.....	20,000,000
Corporation	400,000,000	540,000,000	+ 140,000,000
Excess profits tax.....	400,000,000	.....	400,000,000
<hr/>			
Total income and profits.....	.....	.....	\$410,000,000
Miscellaneous internal revenue:			
Transportation	270,000,000	.....	270,000,000
Insurance	20,000,000	.....	20,000,000
Beverages, nonalcoholic	60,000,000	34,000,000	26,000,000
Admissions and dues.....	100,000,000	80,000,000	20,000,000
Musical instruments	12,000,000	.....	12,000,000
Sporting goods	4,000,000	.....	4,000,000
Chewing gum	1,000,000	.....	1,000,000
Photographic films (motion picture)	6,000,000	.....	6,000,000
Candy	20,000,000	12,000,000	8,000,000
Electric fans	300,000	.....	300,000
Thermos bottles	200,000	.....	200,000
Fur articles	9,000,000	.....	9,000,000
Toilet soaps, etc.....	2,000,000	.....	2,000,000
Art works	1,100,000	400,000	700,000
Articles, tax dependent on price.....	22,000,000	4,000,000	18,000,000
Perfumes, cosmetics, and proprietary medicines	6,000,000	.....	6,000,000
Stamp taxes—			
Parcel post	20,000,000	.....	20,000,000
On surety bonds.....	2,000,000	.....	2,000,000
<hr/>			
Total miscellaneous internal revenue.....	\$555,600,000	\$130,400,000	\$425,200,000
Total internal revenue.....	\$35,200,000
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Total estimated internal revenue tax receipts	\$3,085,300,000	\$2,250,100,000	\$835,200,000



Automatic Balancing of an Account

Editor THE BANKERS MAGAZINE:

Sir:—You may be interested in a case that recently came under my observation where a depositor in our bank expressed surprise when we sent him a statement showing that he had closed his account.

The depositor in question had lost his check book, upon which he depended for a statement of his balance, and within a few days after this loss he received a statement from the bank showing deposit credits of \$202.47 and check debits of \$202.47. In other words, an automatic balancing of the account, which the bank reported as closed. No intention existed on the depositor's part to

close the account, and he was ignorant of the fact that he had done so until the statement was received from the bank.

The incident impressed me as unusual, especially in view of the fact that the dollars were not for a round amount and there were also odd cents. I suppose it would not be considered extraordinary for a depositor having a round sum to his credit—say \$500 or \$1,000—to draw checks that would exactly close his account without any intention of doing so; but it is rare, in my experience, to have met with an incident like the one above cited.

PAYING TELLER.

New York, December 28, 1921.

Banking Publicity

Special Section of The Bankers Magazine

JANUARY 1922

The Broad Aspects of Bank Advertising

BANK ADVERTISING has certain broad fundamental appeals to human nature and impulses.

When you read a bank advertisement urging people to save, consider that it is not just an effort to secure depositors though that is one object, of course. The proposed big campaign of mutual savings banks extending over a period of several years will create capital much needed in these times.

The path of thrift is not the line of least resistance. Each new generation has to be educated and trained in it. Some of this training is done in the homes and in the schools. But the brunt of the task falls upon the banks and their principal means of performing the task is advertising.

That they can get results is proved by the millions of savings deposits that they have accumulated and by the success of the various Liberty Loans which were bought by some seventeen million persons to a large extent through the banks. Of course, the patriotic motive was strongly appealed to but the argument of personal interest was also largely and successfully used.

Almost everybody has what might be called a bump of acquisitiveness. It is more highly developed in some than in others. They are the naturally thrifty persons. The others must have that bump developed.

Ambition is another ruling human motive which is also unequally distributed. The acquisition of a cash reserve is necessary to the fulfillment of most worthy ambitions. Some try to acquire it suddenly and

they often fall victims to get rich quick schemes. The really thrifty adopt the more sensible plan of gradual and systematic accumulation of a surplus. Right here is where the bank helps by providing a safe and convenient depository and by paying compound interest on savings.

The strength of compound interest is one of the main talking points of bank advertising.

It is a surprising fact that the growth of savings accounts is due more to the working of compound interest than to the deposits themselves. Money deposited at four per cent. semi-annually compounded interest doubles itself in about sixteen and a half years.

Parental and conjugal love is another strong feeling that is skillfully played upon by bank advertising—not only in connection with savings but also in

(Continued on page 61)



While you are South or West this winter

the Union Trust Company will be on the job for You

If you are going away for the winter, you plan to enjoy to the full the open weather and new scenes.

And you will enjoy it more if you leave your financial affairs at home in the best possible shape.

We have a new plan, called "Safe Keeping Service", which settles a really troublesome problem for travelers and other busy folks.

A Plan, then, for You

It is a plan by which we take over all your securities—bonds and stocks—and care for all details concerning them. We collect the income for you and place it at interest in your name—which means that coupons are clipped and cashed the day they are due.

We watch the conditions of the bond

market and strive to acquaint you with any facts which might affect your holdings.

We have the bonds and stocks instantly available if you write or wire instructions regarding the selling or exchanging of them.

Your Financial Secretary

In fact, we act as your financial secretary while you are away—and when you are home, too, if you wish. And more than that, we provide you the utmost in safety.

We have a little booklet which tells about this service and its slight cost. Let us send you a copy if you are concerned about a better way to handle these matters. Or, if you are leaving the city soon, just telephone for a representative to call today. Our number is Main 4470.

First trust company in Detroit

Union Trust Company



Advertising a helpful service to the winter vacationist.

Banking Publicity

Monthly Publicity Section

THE BANKERS MAGAZINE
253 Broadway, New York

JANUARY 1922

THE year 1922 starts off with a more optimistic feeling in business circles, and it seems to be reflected in the realm of bank advertising. Indications are that the aggregate of advertising appropriations of financial institutions this year will be considerably larger than that of last year.



NATIONAL Thrift Week, starting January 17, the anniversary of Benjamin Franklin's birth, is being more widely observed each year. We believe it is a good thing. While every week ought to be a thrift week, there is considerable advertising value in having one special week set aside with its "Bank Day," "Make a Will Day," "Own Your Own Home Day," etc.



BOOKLETS are an important part of every well planned bank advertising campaign. They supplement other forms of advertising, telling the story or presenting the argument at greater length than is possible otherwise. They are somewhat expensive with printing costs as they are at present, but it is possible to get good "syndi-

cate" booklets with exclusive local privileges from the expert financial advertising agencies. These, of course, are obtainable at reduced prices on account of the large quantities printed. One Philadelphia institution bought 40,000 copies of such a booklet for Thrift Week.



THE CHRISTMAS Savings Club idea grows from year to year. Through the medium of enforced saving represented by the various Christmas clubs fostered by some 11,000 banks of the country, nearly \$150,000,000 in Christmas money was released last month to provide funds for holiday spending or other purposes. This is good advertising for the banks which conduct the clubs.



"THE ONLY advertising ideas that ever get anywhere are those that triumph over competition," says a prominent advertising art concern, and the more one studies the statement the truer it seems. This ought to be a good year for fighting advertising ideas to win.



HERE ARE a few suggestions for advertising a trust department of a large city institution:

Run a series of advertisements in the daily newspapers in space averaging about six inches by two columns, one advertisement a week in each of

the newspapers. Insertions to be made so that there will be at least one advertisement in some newspaper every day.

The campaign to start off emphasizing most strongly the safe-keeping department, then various other services in order, including some on the company acting as executor, administrator, trustee, etc.

Use a series of form letters, soliciting safe-keeping accounts from stockholders and customers of other departments.

Other lists to be solicited on the safe-keeping service are corporations for which the company acts as registrar or transfer agent, and out-of-town banks and concerns that could advantageously keep some of their securities in the city.

Members of the trust department should also watch the newspapers carefully for news items containing leads that could be followed-up for trust company business.



IT IS ALWAYS a good plan to use the strongest lever possible. For example, a clerk or solicitor should not be sent to see a prospect when it is possible to have some mutual friend introduce him to an officer of the bank. But when there is no particular "pull" of that nature, a representative who is tactful and of good judgment may be sent.



A GOOD DEAL of assistance is secured from present customers in the way of introductions and personal recommendations, and when an account is secured in this way, the old customer should be given credit for it.

The Broad Aspects of Bank Advertising

(Continued from page 59)

the trust department. It is for the sake of his wife and children that a man is urged to make his will and to appoint a trust company as his executor and trustee. The advantages of a corporate over an individual executor include permanence, financial responsibility, governmental supervision and the collective integrity, experience and ability of a group of men whose lifework is the performance of those duties which the individual may be called upon to undertake without previous experience and being subject to all the limitations and frailties to which the single human being is subject.

Therefore the bank advertiser has the confidence born of the knowledge that what his institution has to offer is really the best that can be had and that he is doing a man a genuine service in convincing him that he ought to employ a trust company for any matter of trust.

Then consider for a moment the matter of commercial banking service. This presents a great field for the advertiser. Does it not stand to reason that the bank dealing every day, year after year, in season and out, with men and women in every line of trade must accumulate by experience and observation a vast fund of knowledge, a great reservoir of commercial information upon which its individual depositors may draw at will. Bankers like to be consulted. They prosper directly in proportion as their customers prosper. When they help them to save money by avoiding mistakes or enable them to make money by sound advice and timely loan accommodations they strengthen their own institution, increase its deposits and consequently its profits. Banks earn money on their deposits but have to pay dividends only on their capital.

Who's Who in Bank Advertising



ARTHUR M. DeBEBIAN

Advertising Manager Equitable Trust Company of New York

ARTHUR M. DeBEBIAN, advertising manager of the Equitable Trust Company of New York has been fortunate in securing a thorough financial training in some of the largest financial institutions of the country. This training has been augmented by wide previous experience in general merchandising, selling and advertising.

Mr. DeBebian first became identified with financial advertising in 1910 becoming at that time advertising manager of N. W. Halsey and Company, one of the largest distributors of public utility bonds in the country. He remained with that organization until it was consolidated with the bond department of the National City Bank in 1916 as the National City Company. Mr. DeBebian handled the advertising of the National City Company from its inception, staying with that organization until he joined the Equitable Trust Company of New York in January, 1918. For several years he devoted his entire time to the development of the advertising and literature of the Equitable bond department. From this work he gradually organized a department for the handling of the advertising and publicity of the entire institution.

The present advertising campaign of the Equitable was conceived and developed by Mr. DeBebian. The scope and work of the department has broadened to such an extent that the department was moved to larger quarters on the seventh floor of the Equitable building, 37 Wall street, New York.

You Can Bequeath Money But Not Experience



OU can make a will and provide that your family will inherit your property, but you cannot bequeath to them the experience and skillful judgment you have developed in accumulating this property.

Nor can you assure them permanently of the benefit of sound business judgment by appointing in your will some friend of the family to look after their interests and manage the estate. Friends do not always show the same business wisdom when handling another's affairs which they display in handling their own. Moreover, by the time your will becomes effective the condition of your friend's own business might make it impossible for him to carry the added responsibility. Or he might have moved to another city, have been taken ill or even have died.

None of these things can happen to a responsible bank or Trust Company, which is always able to look after the best interests of its clients. Through its officers it insures the experience, personal attention and sympathy essential to the proper care of your family's estate. Our 39 years of banking and investment experience is at your disposal in this connection at any time.

TRUST DEPARTMENT *Harris Trust & Savings Bank*

Organized as N. W. Harris & Co. 1882. Incorporated 1907.
HARRIS TRUST BUILDING, CHICAGO
Capital and Surplus, \$7,000,000

We shall be glad to send you the booklet "Safeguarding Your Family's Future," referred to in the magazine advertisements regarding Trust Company service.

"Your Personal Bank"



A strong trust advertisement.

Therefore, other things being equal, the larger their deposits in proportion to the capital the greater the profits to the stockholders. That is the incentive to increase the volume of business by advertising and personal efforts. One of the moot questions in bank advertising is how much a bank should spend for that purpose. It is usually worked out on the basis of a percentage of the net profits and one of the commonest estimates is between five per cent. and ten per cent. of the net profits. That is if a bank earned net profits of \$100,000 in a certain year, experience has shown that it would be justified in setting aside an appropriation of between \$5,000 and \$10,000 for the ensuing year.

Reserve and Small Accounts

HERE ARE a couple of suggestions for advertisements on the above subjects:

PRUDENT BUSINESS MEN

always endeavor to carry a sufficient balance in their bank account to act as a reserve for emergencies. Such an amount at the Blank Trust Company will earn satisfactory interest for its owner if it complies with our regulations as to minimum balance and length of time the money is left on deposit.

IN REGARD TO MODERATE SIZED ACCOUNTS

Accounts likely to maintain an average daily balance of at

least \$..... are accepted by the Blank National Bank, provided the character and business standing of the prospective depositor are such as to bear investigation.

Greater emphasis is placed on the *character* than on the *size* of the account, but naturally, the average balance must be sufficient so that the account will not be carried at a loss.



Advertise Now

"WHY ADVERTISE when we have no money to loan?" say some bankers; and the answer of the Manufacturers' Record is, no class ever needed to cultivate the public's favor more than bankers now do. Perhaps you may have no money to loan to-day, as some say, but you are not a good banker if you fail to sell credit to every customer who has the proper security with which to buy it. A banker borrows money from his depositors and sells credit to his borrowers. It is a merchandise transaction.

It would be a poor merchant who could not find ways to provide goods for his customers so long as they could pay. He is a poor banker who cannot find credit to sell to his customers so long as they are able to pay the price and assure the final redemption, and bankers need to win public favor just as much as railroads did twenty-five years ago. Railroads missed their opportunity to cultivate the public, and they are now paying the penalty. Bankers, therefore, cannot afford not to advertise. Nor, for that matter, can any other class of business men.



EFFECTIVE advertising quickens the wheels of progress for a bank, lays open new fields of endeavor, and strengthens it in meeting competition.—Warren F. Crane.

How Pass-Book Envelopes Bring New Customers

By John Y. Beaty

IF EACH ONE of our customers were to bring in all of his friends, our bank would grow beyond all previous records. Realizing that the friends of our customers number up to a large figure, we exert every effort possible to encourage our customers to introduce their friends to the officers of our bank.

One of the best sources of suggestion along this line is the envelope that we use for pass-books. At the bottom of these envelopes is printed this suggestion: "Bring your friends with you and make them acquainted with the officials of the bank."

I think the latter part of the suggestion is very important. It suggests the definite purpose for bringing the friends. Anyone is pleased to become acquainted with the officials of a bank, and when he has an opportunity to do so, he very seldom neglects it. Then, too, the customer of a bank feels rather flattered to be invited to introduce his friends to the officials.

This little suggestion has resulted in many new people coming into the bank. Our officials never miss the opportunity to frankly inquire of the visiting

friend, whether he has a bank account or not. If he does not have one, negotiations are immediately entered into, which often results in the friend opening an account.

Personal contact with prospective customers is by far the most important means of developing new business. But it is very seldom that an officer has the time to go out of the bank to get into personal touch with prospects. When we get our customers to bring prospects into the bank, there is

always some officer available to meet them.

One pleasing result from this plan, which has been particularly apparent during the past few months, is that most people who are brought in this way are depositors, and not borrowers. While money conditions are easier now than they were, there was a time when we did not particularly care to take on a new customer who was in immediate need of funds. But we were glad to welcome those who had deposits to make without any immediate prospect for the need of credit.

The use of this space on our envelopes for passbooks, is, of course, very inexpensive. In fact, it costs nothing at all. We have to have some printing matter on these envelopes anyway, and we might just as well use the space for something of real value such as this sentence which I have quoted.



TRUTH is the leaven that raises the productivity of advertising to its highest degree.

—Warren E. Crane.



At a local fair this Columbia, Pa., bank had an exhibit in which it displayed a collection of worthless stock certificates, the moral of course being "consult your banker before making investments."

Executor

Trustee

Chartered 1822

The Farmers' Loan and Trust Company

Nos. 16, 18, 20 & 22 William Street

Branch Office, 475 Fifth Avenue

At Forty-first Street

New York

London

Paris

Foreign Exchange

Administrator

Guardian

Member Federal Reserve System and New York Clearing House

Some of the oldest and strongest banks still stick to old-fashioned advertising.

The Torch of Progress!



The huge light surmounting the tower of the building has appropriately been termed the Torch of Progress, flaming from the Temple of Prosperity. Ideas beyond the line of the city its twirls, may be seen—at times presenting but a mere spot in the sky, yet proclaiming to the world that below lies the city: the re-constructed New Orleans from which bigger things are yet to come. No one who has gazed upon that clear light, upheld by the graceful white pillars, back grounded by the star-spangled sky, can fail to feel the urge towards greater achievement, and the desire to conquer worlds. The era has been ushered in. The construction of the HIBERNIA is but a phase. The flaming Torch stands as a brilliant period in the city marking the close of the first paragraph of a new chapter in the history of progressive New Orleans.

New Orleans feels proud of its most recent accomplishment—and justly proud, too, for the HIBERNIA BANK Building represents not only a great achievement of a great financial institution, but stands as one of the greatest architectural and engineering feats of the entire South. The beauty and grace of its proportions, the completeness of its every detail make it representative of a city that is forging ahead with the greatest. It marks the continuation of a new type of building construction, hitherto deemed impossible in New Orleans because of soil conditions. It stands as a monument to the persistence and creative genius of the sons of a rein-vigorated, revitalized New Orleans.

Facts About the Hibernia

Architect	James H. McGinnis
Engineer	James H. McGinnis
Builder	James H. McGinnis
Location	111 Poydras Street, New Orleans, La.
Area	10,000 sq. ft.
Height	150 ft.
Cost	\$1,000,000
Completion	1921
Owner	Hibernia Bank
Capital	\$1,000,000
Surplus	\$500,000
Assets	\$1,500,000
Liabilities	\$1,000,000
Net Worth	\$500,000
Employees	100
Services	Banking, Savings, Insurance

The City of New Orleans

Andrew J. McShane
Mayor

Featuring a message from the mayor.

How Banks Are Advertising

SOME BANKS used a foreign exchange window bulletin a few weeks before Christmas, the idea being that those who were going to send money abroad for Yuletide gifts would like to be kept informed regarding the best available rates.

ONE BANK gets out a questionnaire for the use of the new business committee and the staff. It is in reality an analysis of the business of the various departments.

THE COUNTY Trust Company, White Plains, N. Y., suggests on a card that you

"Make a list of the things you could keep in a Safe Deposit Box if you had one. You will be surprised at what a big risk you are taking by keeping valuable papers and precious articles unprotected. A box in

our large modern vault will give you absolute protection."

DURING National Thrift Week this month the Fidelity Trust Company, Philadelphia, is distributing 40,000 copies of a booklet entitled "What America Owes Franklin." It seems particularly appropriate that such a booklet should be issued in Philadelphia which Franklin helped to make famous. The subject matter and typography of the booklet is wonderfully interesting and suitable to the subject treated.

THE FOLLOWING interesting letter has been received from Earl R. Obern, assistant cashier, Old National Bank, Battle Creek, Mich.

Beginning December 1, 1921, we issued through this institution Michigan State automobile licences. We decided that it

would be a good idea to have an automobile exhibit consisting of accessories, new inventions and relics displayed in our lobby to be of interest to the automobile owner when he came in to get his 1922 license.

We wrote all the automobile dealers in Battle Creek inviting them to participate in the display. It was advertised in the newspapers together with the fact that to the first 2,000 people calling for automobile licenses we would give an automobile road map of Michigan.

We estimate that during the first three days we had 5,000 people here to see the exhibit. It was a new phase of community interest on the part of the Old National Bank and attracted a great deal of attention and comment. Some automobile dealers reported increased sales as a result of this exhibit and all together it was a great success.

We believe that a bank is a community institution and it is our plan in the future to have more exhibits of this character. Banks must get away from the idea that they are a mere custodian of funds. Banking in the next decade will have for its chief function interest in community affairs.

IN COMMEMORATION of its seventieth anniversary the Hudson County National Bank of Jersey City is distributing a handsome metal paper weight to the friends and depositors of the bank.

A MID-WESTERN BANK believes in going after children's savings accounts, believing that much may be made of a depositor if caught young enough. Here is what it said about it in a recent issue of its house-organ.

We're going to give more attention to the kiddies from now on. Yes, we have always been glad to see them in our bank, helped them along with their banking and all that—but we haven't gone out of our way a bit.

We're going to give them more attention as I said. And this is the reason: unless a kiddie is taught how to handle his money while he is learning other habits, he is more apt to break over in careless ways later on in life. You know how it is with a boy who has eaten with his knife until he reaches young manhood, and success! He's apt to make a slip every now and then, and his reputation for good manners is given a jar each time—you know folks somehow always have and always will judge us pretty much by the weak links in our make-up.

Well anyhow, just to make it more interesting for our kiddie depositors—so the smallest ones can watch while their money is being counted, we have some

steps—real kiddies' steps, which will be in front of our savings window between nine and ten every Saturday morning. That's kiddies' hour from now on.

And that's not all. The first boy and the first girl depositor reach their hands in a box and draw a slip. There will be a "time" on each of these slips, somewhere during kiddies' hour. The little boy and the little girl who deposit nearest these two hours, will be given a favor.

THE NEW BUSINESS department of the Southwark National Bank in Philadelphia is equipped to render real service to bank depositors judging from the following friendly suggestion from a recent circular letter:

If you have felt a falling off in your business, call and consult our new business and service department. We feel sure we can help you. We have many suggestions to offer, one or more of which, we feel sure, you can apply to your business with much success.

If you are optimistic and, like ourselves, have not felt the so-called business depression, call anyway. Our new business and service department will be glad to have you explain just why you are busy and going ahead when the other fellow is standing still or going backward. Your business methods impaired to your less successful business competitor will, no doubt, help him, and the more successful business men, the better conditions will be for you and for business generally.



Good Advertising Pointers

SOME VERY good ideas in regard to financial advertising were brought out at the recent convention of the Investment Bankers Association. As reported by the advertising manager of the "Quality Group" of magazines, the high points were as follows:

Unasked literature is naturally unwelcome. A large percentage of people even resent it.

Examine your bond circulars and your letters.

Do your lawyers write them? Are you afraid to say "Dear Mr. Brown" in your first letter, or must you wait until you are introduced by a mutual friend?

Are you willing to let a man, specially chosen for his ability

as an advertising man, write your circulars after the lawyers have given him the technical details?

Wouldn't that send a shock through some bond houses?

Why can't the buying department hand over a bond issue as "raw material" to the sales department and let it originate the sales story?

You think your circulars are interesting and useful. This particular analysis shows about half of the investors think they are; the other half think they aren't. It's a vote of censure. Fifty-fifty is a vote *against* any sales plan.

If you aren't willing to hu-

manize the material in the circulars, you can make them much more attractive by simply improving the typography. Put a type expert on the job.

Cut out the long type lines. Use illustrations now and then.

Reduce the size so as to fit regular letter-files.

Establish an individuality in your circulars, not just by holding to one color of ink on old type faces, but by a distinctive style of presentation in matter and in type.

Investors now receive much circular matter, perhaps too much, but there is sure to be more, rather than less, in the



The Pirate Lives Today

The shining cutlass, ferocious attitude and fear-inspiring dress of olden days have been replaced by tailored clothes, a winning smile and a seductive story of the wealth his glittering securities will bring.

With suave promises of "big and sure returns," he preys upon defenseless women and children.

Your estate is safe from such attacks if you name the Security Trust Company as Executor and Trustee under your Will. It will be ably and conservatively managed until the time you arrange for its final distribution to your heirs. Small estates, especially, need this protection. No profit can be made by us in connection with estates or trusts except the fees allowed by law, or agreement.



At your convenience, we believe a conference with our officers will be helpful in assisting you to determine these all important matters.

SECURITY TRUST COMPANY
GRISWOLD AND FORT STREETS
DETROIT

NO. 2 OF A SERIES

A warning of the dangers from "modern pirates" who prey on estates.



BECAUSE A MAN'S A PASSENGER IS HE QUALIFIED TO RUN THE TRAIN?

Then with equal inexperience, are your son, your daughter, your wife to manage the estate you will leave them?

Should they not have the help of an experienced trustee who knows when a signal means danger?

Their inherited estate will be wisely administered and safely preserved with the FIFTH AVENUE BANK of NEW YORK its executor and trustee.

Discuss this plan with our Trust Department to-day

THE FIFTH AVENUE BANK of NEW YORK

This poster in the window of the Fifth Avenue Bank of New York attracted much attention. It was designed by L. Guild of New York.

future. What you need to do is to make *your* circulars so much better than the average that yours will be saved and studied. Yours must be better, that's all.



If I Were a Banker

By Walter Engard

If I were a banker I would inaugurate a "Save First" campaign. The average individual does not plan on saving any part of his income until after his personal needs and desires have been taken care of, and, in most cases, when this has been done there's not anything left to save. By reversing this method through a "Save First" campaign, the number of savings accounts as well as the

size would be very materially increased.

I would adopt as my slogan "Save First Is Safety First." I would work out an advertising campaign calculated to bring about the desired results. As a part of this campaign, I would have a series of letters to be mailed out at certain intervals to a list of prospective patrons. In my first letter I would put forth the advantages of setting aside "savings first." I would get this letter up in a multi-page letter form, using the first page for my letter and the second and third pages for setting forth facts and figures relative to savings, such as a table showing what savings of various amounts set aside each week or month would amount to in one year, in five years and in ten

years, also showing a table demonstrating the earning power of the dollar, etc. The last page of this letter would be used for my bank's general advertising, or for giving a list of the bank's officers and directors and the various services rendered its patrons.

My second letter of this series would be got out in about the same style, but in preparing this letter I would assume that my reader had read my first letter and had resolved to follow out his good resolution and with the letter I would enclose a blank deposit book with the recipient's name carefully filled in and suggest that he begin that savings account *now*.

In the third letter of this series I would endeavor to show my reader what he was losing as a result of his delay in starting that savings account. I would follow this letter with the fourth and fifth letter, mailing each letter about thirty days apart and in each one I would dwell considerably upon "saving first."

In one of these letters I would use that old argument so often used with good effect by the insurance companies, showing the condition of 100 men starting out in life at age twenty-one, the status of these men at age thirty, at age 35, at age forty, at age forty-five at age fifty, etc.

I am sure this campaign would result in increasing the number of savings accounts in my bank as well as inspiring a more systematic method of saving which would very materially increase the size of these accounts and prove a real builder of good will for my institution.



ADVERTISING is the modern magic wand. Before it touches a bank that bank may be small and struggling, but when once the wand is swung it usually starts a financial institution upon an upward march toward success.—Warren E. Crane.

Bank Advertising Exchange

IMPORTANT NOTICE

This list has been completely revised. All members are urged to correct their mailing lists accordingly. All of those named below have agreed to exchange booklets, folders and other publicity matter as issued during the coming year. In order that the fullest measure of mutual helpfulness may be brought about in 1922, every member is urged to live up to this agreement conscientiously and to make a liberal distribution of advertising material.

A
Adams, F. C. mgr. pub. dept., Nat'l Bk of Kentucky, Louisville, Ky.
Adams, F. R., Will Co. Nat'l Bank, Joliet, Ill.
Alfriend, R. J., Jr., asst. cash., Virginia Nat'l Bank, Norfolk, Va.
Anderson, R., cash., American Bk. & Tr. Co., Greenville, S. C.
Anderson, R. P., care of K. L. Hamman Adv. Agcy., 316-13th St., Oakland, Cal.
Ansley, D., Central Tr. Co., San Antonio, Tex.

B
Bader, A. F., asst. cash., Old State Nat'l Bank, Evansville, Ind.
Baley, J. S., mgr. dept. analysis, Nat'l Bk. of Republic, Chicago, Ill.
Banco di Roma, head office, Rome, Italy.
Banco Mercantil Americano del Peru, Lima, Peru, S. A.
Bankers Magazine, The, New York.
Bassett, L. E., Cotton Belt Svgs. & Tr. Co., Pine Bluff, Ark.

Baty, E. N., mgr. new bus. dept. Englewood State Bk., 63d St. & Yale Ave., Chicago, Ill.
Bauder, R. E., 738 S. Michigan Ave., Chicago, Ill.
Baughner, E. M., pres., Home Bldg. Ass'n Co., Newark, Ohio.
Bell, H. W., dir. serv., Svgs. Bank of Utica, N.Y.
Bennett, H. D., asst. cash., Capital Nat'l Bank, Lansing, Mich.

Berger, H. C., cash., Marathon Co. Bk., Wausau, Wis.
Bize, L. A., pres., Citizens Bank & Tr. Co., Tampa, Fla.
Bland, M. A., V. P., 1st Nat'l Bk., Clarksville, Tenn.

Blethen, J. O., cash., Security Tr. & Svgs. Bank, Yuma, Ariz.
Block, R., pub. mgr., Citizens Tr. Co., Buffalo, N. Y.
Bolla, Rodolfo, American representative, Banco di Roma, 1 Wall St., N. Y.

Boyd, W. A., V. P., 1st Nat'l Bank, Ithaca, N. Y.
Branham, D. R., dir. pub. Hellman Com'l Tr. & Svgs. Bank, Los Angeles, Cal.
Brown, G. W. C., asst. secy., Tidewater Bank & Tr. Co., Norfolk, Va.

Brown, R. A., asst. cash., Citizens Nat'l Bank, Raleigh, N. C.
Brown, W. E., adv. mgr., Hibernia Bank & Tr. Co., New Orleans, La.
Brunkow, A. F., pub. mgr., Old Nat'l Bank, Spokane, Wash.

Buennagel, L. A., mgr. serv. dept., Fletcher Svgs. & Tr. Co., Indianapolis, Ind.
Burton, E. C., V. P., Pennsylvania Nat'l Bank, Chester, Pa.

Butzloff, H. M., asst. cash., Iowa State Bank, Atlantic, Iowa.
Buzbee, M. A., adv., mgr. American Bank of Commerce & Tr. Co., Little Rock, Ark.

C
Caplan, H. B., adv. dept., Canal-Com'l Tr. & Svgs. Bank, New Orleans, La.
Capps, W. V., adv. mgr., Seaboard Nat'l Bank, Norfolk, Va.

Carlisle, H. W., pub. mgr., Guaranty Trust Co., N. Y.
Clabaugh, S. F., cash., City Nat'l Bank, Tuscaloosa, Ala.

Clarahan, L. A., mgr. new bus. dept., Oak Park Tr. & Svgs. Bk., Oak Park, Ill.

Coon, H. J., 68 Farnham Ave., Toronto, Canada.
Corrigan, J. V., pub. mgr., Liberty Central Tr. Co., St. Louis, Mo.

Crary, R. F., asst. cash., Internat'l Bkg. Corp., N. Y.

Culbreth, E. E., Com'l Nat'l Bank, Raleigh, N. C.
D
Davy, C. C., Atty., East Side Svgs. Bank, Rochester, N. Y.

De Bebian, A., adv. mgr., Equitable Tr. Co., N.Y.
Deily, H. E., Tradesmen's Nat'l Bk., Phila., Pa.
De Wilde, J., pub., mgr., American Nat'l Bank, Pendleton, Ore.

Dysart, W. R., cash., 1st Nat'l Bank, Ripon, Wis.

E
Eberspacher, J. C., asst. cash., 1st Nat'l Bank, Shelbyville, Ill.
Ekirch, A. A., secy., North Side Svgs. Bk., N. Y.
Ellsworth, F. W., V.P., Hibernia Bk. & Tr. Co., New Orleans, La.

Etter, R. W., Merch. & Planters Bk., Pine Bluff, Ark.

F
Frost, L. A., V.P., Guaranty Tr. Co., Cambridge, Mass.

G
Garner, P., pub. mgr., Wachovia Bk. & Tr. Co., Winston-Salem, N. C.

Gatling, N. P., V. P., Chatham & Phenix Nat'l Bank, N. Y.

Gehle, F. W., mgr. adv. dept., Mechanics & Metals Nat'l Bank, N. Y.

Glenn, C. L., secy., Buck & Glenn, Inc., Winston-Salem, N. C.

Gonthier, H. G., dir. pub., Bank of Hochelaga, 112 St. James St., Montreal, Que.

Grimm, H. E., adv. bus. ext. dept. Security Tr. Co., Detroit, Mich.

Guy, J. E., mgr. serv. dept., 1st Nat'l Bk., Waynesboro, Pa.

H
Haggerty, L. A., asst. treas., Anthracite Tr. Co., Scranton, Pa.

Hall, J. C. Farmers & Mechanics Tr. Co., West Chester, Pa.

Hall, W. R. D., com'l serv. dept., Phila. Nat'l Bk., Phila., Pa.

Hammond, R. P., bus. serv. dept., Second Ward Securities Co., Milwaukee, Wis.

Hamsher, C. F., pres., 1st Nat'l Bank, Los Gatos, Cal.

Handerson, C. H., pub. mgr., Union Tr. Co., Cleveland, O.

Haskell, E. G., Barnett Nat'l Bank, Jacksonville, Fla.

Heuchling, F. G., V. P., Northwestern Tr. & Svgs. Bank, Chicago, Ill.

Higgins, A. E., adv. serv., 2929 B'way, N. Y. C.

Higley, J. N., pub. mgr., 1st Nat'l Bank, Youngstown, Ohio.

Hirt, E. C., Banco Hispano Sulzo, Para Empresas Electricas, Plaza Canalejas, 3, Madrid, Spain.

Hodgins, J. H., mgr. pub. dept., Union Bank of Canada, Winnipeg, Manitoba.

Holdam, J. V., adv. mgr., Chattanooga Svgs. Bank, Chattanooga, Tenn.

Home Bank of Canada, Home Bank Monthly, Toronto, Canada.

Hosbach, J. T. A., 4th St. Nat'l Bank, Phila., Pa.

Hotze, R. E., Jr., adv. mgr., Planters Nat'l Bank, Richmond, Va.

Hudson, P. L., asst. cash., 1st Nat'l Bank, Corona, Cal.

Hunter, H. G., V. P., Kansas City Terminal Tr. Co., Kansas City, Mo.

Hutchins, E. M., pub. mgr., Seaboard Nat'l Bank, N. Y.

I
Izant, R. J., adv. mgr., Central Nat'l Bank Svgs. & Tr. Co., Cleveland, Ohio.

J
Jarl, E. L., asst. cash., State Bk. of Chicago, Ill.

Jessup, T., asst. cash., Woodlawn Tr. & Svgs. Bk., Chicago, Ill.

Johnson, E. W., Warren Nat'l Bk., Warren, Pa.

Johnson, W. H., Jr., adv. mgr., Marine Tr. Co., Buffalo, N. Y.

Jones, M. H., asst. cash., 1st & Citizens Nat'l Bk., Elizabeth City, N. C.

Judd, S. P., pub. mgr., Mercantile Tr. Co., St. Louis, Mo.

K

Keeton, M., mgr. svgs. dept. Merchants & Farmers Bank, Meridian, Miss.
 Keller, C. B., Jr., cash., Stroudsburg Nat'l Bank, Stroudsburg, Pa.
 Kittredge, E. H., pub. mgr., Old Colony Tr. Co., Boston, Mass.
 Kommers, W. J., pres., Union Tr. Co., Spokane, Wash.

L

Langstroth, E., New York Trust Co., N. Y.
 Lanier, B. W., secy., United States Tr. Co., Jacksonville, Fla.
 Leitch, W. B., mgr. for. dept., Merchants Bank of Canada, Montreal.
 Lersner, V. A., comp. Williamsburgh Svgs. Bank, Bway & Driggs Ave., Brooklyn, N. Y.
 Lyons, W. S., Union Trust Co., of D. C., 15th & H Sts., Washington, D. C.

M

MacCorkle, J. C., pub. mgr., City Nat'l Bank, Evansville, Ind.
 MacNennon, R. M., adv. mgr., 1st Nat'l Bk. & Tr. & Svgs. Bk., Los Angeles, Cal.
 McLean, W. D., V. P., Morris Plan Bank, 261 Broadway, N. Y.
 McDowell, J. H., 1st Tr. & Svgs. Bank, Chattanooga, Tenn.
 Malcolm, S. D., gen. mgr., adv. dept., American Express Co., N. Y.
 Matson, C. K., pub. mgr., Cleveland Trust Co., Cleveland, Ohio.
 Matthews, H. B., adv. mgr., S. W. Strauss & Co., 5th Ave. at 46th St., N. Y.
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SECTION

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Resources

Cash in Vault and with Federal Reserve Bank	\$30,149,160.65	
Exchanges for Clearing House and due from other Banks	46,555,357.10	
Call Loans, Commercial Paper and Loans eligible for Re- discount with Federal Reserve Bank	85,605,173.14	\$162,309,690.89
<i>Other Loans and Discounts</i>		
Demand Loans	10,198,436.40	
Due within 30 days	23,447,595.36	
Due 30 to 90 days	18,474,508.68	
Due 90 to 180 days	33,529,768.43	
Due after 180 days	1,030,011.14	86,680,320.01
United States Obligations		4,914,251.37
Short Term Securities		7,817,501.20
Other Investments		8,509,274.16
Bank Buildings		562,956.96
Customers' Liability for Acceptances by this Bank and its Correspondents [anticipated \$4,856,543.19]		14,420,301.93
TOTAL RESOURCES		\$285,214,296.52

Liabilities

Capital Stock	\$12,500,000.00
Surplus and Undivided Profits	10,850,863.51
Dividend Payable January 3rd, 1922	375,000.00
Discount Collected but not Earned	1,198,025.61
Reserved for Taxes and Expenses	473,516.76
Circulating Notes	2,451,080.00
Acceptances by this Bank and by Correspondents for its Account [after deducting \$923,657.90 held by the Bank]	19,276,845.12
Deposits	238,088,965.52
TOTAL LIABILITIES	\$285,214,296.52





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The World's Monetary Problem*

By Gustav Cassel

Professor at the University of Stockholm

This paper is intended to give the outlines of the present situation. The author's views have been expounded more fully in a memorandum drawn up on the invitation of the League of Nations, entitled: "Second Memorandum on the World's Monetary Problems," Geneva, League of Nations, 1921, (not published).

SINCE the middle of the year 1920 such profound changes have taken place in the monetary sphere that the world's monetary problem, in some of its principal bearings, has assumed a new aspect. Inflation, which generally culminated during the former half of that year, and which attracted so much attention before and at the Brussels Financial Conference, has been succeeded in the more favorably situated countries by a period of deflation, which has brought down the general level of prices in a very considerable degree, thereby increasing the purchasing power of the money. This policy of deflation, though in some measure warranted at the outset, has in the sequel proved ever more baneful in its effects. The prospect of steadily falling prices has paralyzed production, particularly in those branches where the fruits of labor mature but slowly. Building and other constructive works have been brought practically to a standstill, while other industries have been very hard hit. The result has been unemployment and the lying idle of productive establishments, consequences which have assumed very alarming proportions in countries with the most drastic policy of deflation. While the internal value of individual currencies has been steadily on the increase, no stabilization in their relations to one another has been possible.

UNITED STATES SETS PACE IN DEFLATION

The United States, which led the way in the policy of deflation, has forced up the internal value of the dollar to such a degree that other countries which

adopted a similar policy have, despite all efforts, not been able to keep pace. Indeed the currencies of these countries after a year of deflation are perhaps in a more unfavorable position than before in relation to the dollar. The insecurity of the foreign exchanges has exercised a very disturbing effect on commerce and is obviously one of the principal causes of the general depression. It is not so much that the values of currencies are different from the pre-war values; world commerce can accommodate itself to any values and to any rates of exchange, provided only that they are stable. The disturbing elements are the perpetual fluctuations, the complete lack of stability, and the ensuing uncertainty as to the future. The policy of deflation has moreover entailed and continues to entail, a perpetual increase in the real burden of all debts, a factor which is obviously a great handicap on productivity, and particularly alarming in the state finances. In some cases this real increase in the public burden of debt has already reached so high a pitch that one is prompted to ask whether the burden has not exceeded the limit of capacity, whether in short the state is not actually bankrupt. Such misgivings obviously tend to augment the general feeling of insecurity in the economic sphere.

EFFECTS OF POLICY OF DEFLATION

These effects of the policy of deflation compel us to pause and ask whether the financial machinery of the world could not after all be worked on more rational lines. The principal motive in the policy of deflation hitherto pursued seems to have been the desire to return to the gold standard. But this object cannot in any way be furthered by the scrambling efforts to increase the values of individual currencies which during the past year have

*Reprinted from the quarterly report of the Skandinaviska Kreditaktiebolaget of Stockholm.

been the leading feature in the world's monetary policy. The rise in the value of the dollar has entailed a corresponding increase in the value of gold, and other countries, despite all their efforts to raise the value of their currencies, have hardly found them bettered in relation to gold.

The problem of the restoration of the gold standard involves in reality difficulties of a more intricate nature than is generally realized. These difficulties are a result of the fluctuations in the value of gold. Indeed, owing to the war and its aftermath, gold has in a great measure lost its previous constancy of value. The value of gold in relation to commodities fell during the war by about sixty per cent., in order in the course of one year, reckoned from May 1920, to rise by two-thirds, or possibly three-fourths, of its minimum value. A commodity that is subject to such extremely violent fluctuations in relation to the aggregate of other goods, cannot be a suitable standard of value. So long as the value of gold is so variable, it is scarcely possible, and still less desirable, to fix the relations of the different currencies to gold.

THE QUESTION OF THE RESTORATION OF THE GOLD STANDARD

The question of the restoration of the gold standard thus involves in the first place the problem of stabilizing the value of gold, i. e. of creating conditions in the gold market which will enable that commodity to acquire a tolerably stable value. In other words, the monetary demand for, and the monetary supply of, gold ought to assume a certain equilibrium. Countries which have claims on the rest of the world should refrain from gathering in all the gold they can get, and countries which have monetary stocks of gold ought not arbitrarily to seclude them from the world's market. Before the war the rich countries who had an annual surplus in their balance of payment with foreign countries continually invested fresh capital abroad. In this way equi-

librium was maintained and, generally speaking, gold was not accumulated in those countries on any large scale. Temporary increases in the world demand for gold could be provided for by supplies from all the central banks of the world. Now all this has changed. Instead of England, France and Germany, it is now the United States that has a balance in their favor. But the United States has suddenly leapt into the position of creditors and have not yet acquired the habit of regular investments of capital in foreign countries. The United States, in contradistinction from the countries who were creditors before the war, has a considerable surplus of goods for export, while at the same time they have enormous claims in capital and interest. The establishment of equilibrium in the balance of credit of the United States is still an unsolved problem, and, so long as it so continues, the equilibrium in the world gold market must obviously be exposed to perpetual menace. This disturbing factor has during the past year found expression in an enormous demand for gold for export to the United States. At the same time the monetary gold supplies of other countries, with the exception of Russia, have been locked up and secluded from the world's market. Under such conditions it is inconceivable that the value of gold could acquire any stability.

It is evident from the above that the establishment of greater stability in the value of gold is eminently an international problem, which requires the collaboration of the different countries, and at the present juncture more especially of the United States. So long as the value of gold, as is now the case, follows the value of the dollar and is practically determined by the latter, it necessarily ensues that the United States ought to strive for the stabilization of its own currency, and thus definitely desist from the policy of deflation the disastrous effects of which have been sketched above. Not until these conditions have been fulfilled can other countries proceed to a re-establishment of the gold standard.

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GOLD PAR OF MONETARY UNIT MUST BE FIXED BELOW PRE-WAR PAR

The gold par cannot everywhere be the pre-war par. In most cases the gold par of the monetary unit must be fixed considerably lower than it was before the war. Any attempt to restore the former par would involve the countries in a continuous process of deflation and thus conduce to further postponement of the stabilization which is so essential in the monetary sphere. It is important that this should be clearly realized, for then a stabilization of the internal purchasing value of the individual currencies can set in at once. In order to avoid debasing the new pars more than necessary, it is desirable that the value of gold should be kept as low as possible, and at any rate not be forced up further. Thus for each of the countries to attempt to increase their own gold reserves to the greatest extent possible is the worst conceivable means of furthering a general restoration of the gold standard. In view of

the increasing scarcity of gold which is to be anticipated in the future, it is moreover desirable that the monetary demands for gold should be progressively reduced, in order that the value of gold may be kept, as far as possible, constant.

MONETARY AND PRICE-LEVEL STABILIZATION

The stabilization of the internal purchasing power of a currency obviously implies that different prices should be brought into such relation to each other as corresponds to an economic equilibrium, and especially that price of product and cost of production should be mutually adjusted. This may necessitate a rather extensive equilibrium of prices, e. g. by bringing down the commodity price level, if that level is higher than that of the wages, or vice versa by bringing down the level of wages, if that level is higher than that of the commodity prices, or by adapting the levels of wholesale and retail prices to

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one another. But no attempt should be made to lower the general level of all prices; on the contrary the aim should be to reach a firm level as soon as possible. The consistent application of this policy will require a restriction of credits as soon as any tendency to inflation is manifested, but it also implies a more liberal grant of credits in situations where it is desirable to put a stop to continued deflation. Seeing that the practical application of this financial policy will thus, in outward view, present different phases, it is most important that it should be authoritatively announced that the goal in view is a stabilization of the purchasing power of money at a certain fixed level. In all circumstances it will be necessary to issue a distinct warning against the illusion that a more liberal grant of credits might be utilized for the increase of public expenditure.

The prevailing chaos in monetary conditions is due not merely to the fact that the old fine mechanism of international payments has been shattered, or at least has been greatly impaired in effectivity, but that this impaired mechanism has been expected to perform miracles of payment far beyond its capacity in its smoothly working pre-war condition. I am not referring solely to the fact that the equilibrium of world's commerce has been upset, so as to render it much more difficult than before to effect the necessary payments of goods.

INTERNATIONAL DEBTS MUST BE REDUCED

Far more onerous and far more unsettling are the payments in connection with the international debts arising from the war and the peace treaties. A reduction of these debts is absolutely necessary if payment is to be made at all, and this reduction should be effected as soon as possible, if stable conditions in the world finances are to be restored. It is particularly alarming that these international liabilities should

have been fixed in gold. For, as the experience of the past year has shown, the value of gold may be arbitrarily raised, which means a corresponding arbitrary increase in the real incidence of the liabilities. Moreover to impose unreasonably heavy liabilities and demand that they shall be paid in gold must intrinsically have a very unsettling effect on the value of gold.

AN INTERNATIONAL MONETARY CONFERENCE PROPOSED

The revision of the liabilities above referred to is, of course, a political question, the decision of which must be left to the governments concerned. But otherwise the regulation of the world's monetary machinery, at least in the preparatory stage, is a technical question which can be dealt with successfully only by a select conference of experts. The British Government, it might be suggested, is best in a position to invite to such a conference. The United States must naturally be represented; but for the rest the members of the conference should consist of leading experts and experienced financiers, without reference to country. The object of the conference should be to settle the general monetary policy to be pursued and the practical steps to be taken to attain as soon as possible a stabilization of the internal purchasing power of currencies (and thus of the foreign exchanges) as well as of the value of gold. The necessity for an international discussion of these problems lies in their own intrinsic nature and in the common interest of all countries to restore equilibrium in the world's machinery of payment. In the gold question collaboration must particularly be based on the recognition of two facts, viz.: first, that the real advantage of a standard of value such as gold is that it is common to a number of countries, and second, that the value of gold can be kept stable only by the stability of the world's gold market.



A London Banker on the Exchange Problem

(From a special London Correspondent)

IF and when David Lloyd George sets sail for the Washington Conference, he will have an opportunity of testing the aptness of an illustration he used in a speech on February 6, 1921. Speaking of the fluctuations of the exchanges, he said: "Trading under these conditions is like playing billiards on an Atlantic liner when there is a heavy sea on—the exchange is pitching and rolling, and you never know into whose pocket the ball will go." When the late Lord Goschen published in 1861 his book on "The Theory of the Foreign Exchanges," he found, he said, that even among leading bankers and merchants there were men less conversant with the subject than its importance demanded. Today some inkling of the significance of the question has come even to "the man in the street,"—especially if he is out on the street because he can find no work to do, for all the authorities are agreed that the widespread unemployment at the present moment is largely due to the existing chaos in the exchanges.

In the city of London one of the most competent experts on this difficult subject is Ernest L. Franklin, of the well-known firm of Samuel Montagu and Company, who has been kind enough to give me an interview on the question for the benefit of the readers of *THE BANKERS MAGAZINE*. I first asked him whether there had been any precedent for the present situation. "There has never been anything like it before," he replied. "Sometimes after a crushing military defeat or in consequence of domestic turmoil a single government has found itself in difficulties through an inordinate issue of paper currency. One might quote the assignments at the time of the French revolution as a conspicuous example. The Confederate notes were another instance. So was the Mexican currency a few years ago. In such cases, however, the collapse in the exchange has affected a single government only. There has been no previous instance in

which the volume of paper currency has so enormously increased in several countries at the same time. Today there are many European nations whose gold reserve is a mere bagatelle in comparison with the notes they have issued.

EXCHANGE NEVER STABILIZED

"What many people don't realize," Mr. Franklin continued, "is that the world's exchanges have never really been stabilized. The nearest approach to a general stabilization has been the fact that the fluctuations of exchange have been very slight among a certain group of nations that had a common denominator in the gold standard. Within this consortium there were, before the war, practically no exchange risks. You were as certain of getting 25 francs for your sovereign as of getting 20 shillings for it. The tendency was, more and more, for other nations to come into this gold-standard group. As the internal conditions of these nations became more settled and their productiveness increased, creditors became more willing to leave their money there at interest, if the balance of trade was for the time being in their favor. But it was a different matter with countries that were not on a gold basis. In their case the rate of exchange would be affected by a variety of changing conditions—for example, the stability of the government, the national productiveness, and so on. In the case of China, the exchange varied with the fluctuations in the price of bar silver."

ENGLAND'S FOOD PROBLEM

"To what causes," I asked, "do you attribute the abnormal features of the present situation?"

"To answer that question," was the reply, "you must first understand that each nation has its own problems. One of ours is the problem of food. We can only grow enough in this country to feed one-fifth of the population. The remaining four-fifths we must procure

from abroad, and we must pay for it mainly by goods and services rendered. But at present we have on our hands a congestion of goods that can find no market. Hence the widespread unemployment. Many countries that were formerly customers of ours are reduced by the war to such a condition that their powers of production are ruined and they have nothing to pay us with. And in those countries that are still able to pay we are driven out of the markets by Germany's ability to undercut us. If the consuming power of the world had remained as it was before the war, the cheapness with which Germany is able to produce would not exclude us from the markets. There would be enough customers for all or most of the goods that both Germany and ourselves could manufacture. As it is, there are not consumers enough to go round, with the result that those who are able to buy make their purchases where they can supply their needs the most cheaply."

GERMAN INDUSTRY AND MARK DEPRECIATION

"Germany has the Allies to thank," declared Mr. Franklin, "for her extraordinary industrial activity just now. We have practically made her a present of the world's markets. We have added 800,000 men to the number of her producers by preventing her from maintaining a standing army on the scale that existed before the war, though this, of course, was absolutely obligatory for obvious reasons. Further by our reparations demands we are preventing the external and the internal value of the mark from coming closer together. Every few months Germany must purchase dollars, pounds, or francs, and can only pay for them by printing more notes and thereby further inflating her currency; this has so continually depreciated the mark that Germany has been able to buy raw material, manufacture goods, and make a large paper mark profit, even if she sells her products abroad later on below the original cost of the raw material. For the cost of production within the country



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has not increased in a ratio at all corresponding to the decrease in the value of the mark outside. Within a single week recently the value of the mark outside Germany went down nearly fifty per cent. There was certainly no rise in wages to that extent within Germany itself.

FRENCH PRODUCTION AND THE REPARATION QUESTION

"A serious handicap to the adoption of a policy that would meet this difficulty," Mr. Franklin continued, "is the fact that France's problem is not the same as Great Britain's. France is not similarly situated to us. Her products are not cut under by Germany's in the world's markets as ours are. She is not a competitor with us in the same sense that Germany is. She does not produce, to any great extent, the same commodities as Germany, and she is, therefore, prepared to welcome the dumping

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any case, very small compared with what we are losing through German competition."

After this survey of the situation in Germany I asked Mr. Franklin for some comment on conditions in the other countries where the currency has so sensationally depreciated.

AUSTRIA'S POSITION

"The position in Austria," he remarked, "is different from that in Germany. There you have a country which has lost the most productive part of her territory. She has a large capital city, out of all proportion to the resources necessary to maintain it. It is impossible for her to meet the expenses of a government without heavy taxation that must be a tremendous burden upon industry. The difficulty of taxation also prevents the adoption of the policy of deflation which has been urged upon those countries which now find themselves suffering from an unfavorable exchange. How can these countries stop increasing their paper currency? Deflation means taxation, and in many cases it is too late to tax now. You cannot impose new taxes upon people who are suffering acutely from high prices and unemployment. The various credit schemes that have been suggested may add something to the productive capacity of some of the smaller states, but nobody appears to be very enthusiastic about the results of such plans of this kind as have already been tried."

GOVERNMENTAL ACTION AND DEBT
CANCELLATION

Having heard Mr. Franklin's account of the present situation and its causes, I put the natural question: "What remedy do you propose?" "There is nothing whatever," he replied, "that the financial world can do. The task must be undertaken by the governments. Unless they take the matter in hand the process I have described will go on indefinitely until one country after another becomes ruined and the very knowledge that these conditions must continue will only intensify the lack of confidence in the financial and commercial world. The only practical thing to do would be to cancel the national war debts all round—not out of generosity but from the motive of self-preservation. The very countries for whom the rate of exchange is today the most favorable are suffering most acutely from unemployment. America, which has the most favorable exchange of all, reports, so we are told, no less than six millions of unemployed. In England there are a million and a half in this position. In Germany, on the other hand, every able-bodied man is at work. No doubt it will be very difficult to make the average American or Englishman realize that the cancelling of the war debts would be to his interest, but that is certainly the fact. Some one must make a beginning, and the country that should start the movement in this direction is the country that suffers most, and is likely to suffer most, from a continuance of the present conditions. The unemployment situation would also be greatly eased if Russia were allowed to take part fully in international commerce. By her production of wheat, flax, and other commodities she would have the means of purchasing some of the goods that are now congesting our warehouses."

After listening to Mr. Franklin's account of the financial aftermath of the war, one begins to wonder whether, after all, "Vae victoribus" would not be a less deceptive motto than "Vae victis."



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THE GENERAL SITUATION

With excellent prospects of a satisfactory settlement of the Irish question, and the confident expectation that something substantial will come out of the disarmament conference, attention is now turned to the furthering of foreign trade and the discovery of some effective means of unraveling the Germany reparations tangle.

Foreign trade figures for November are somewhat encouraging. The adverse balance for the month was below the monthly average for the year. That manufacturers are confident of a revival although at present facing slack trade, is the inference drawn from the large increase in imports of raw cotton. A London cable to the *New York Times* on the November figures says:

"The adverse balance was higher by



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£4,500,000 than in October, but was still below the monthly average of the year. One of the most encouraging features was the large increase in imports of raw cotton. It may be inferred from this that manufacturers, although at present facing slack trade, are confident of revival and are laying in stocks with a view to it.

"Total imports of raw material rose more than £8,000,000 and, measured in quantity, the increase would have been still greater, as prices have continued to fall. Exports last month were practically stationary when measured by the total; but in certain lines a movement in the right direction is noticeable, especially in iron and steel manufactures, in machinery and in cotton goods. Compared with last year, the figures are of course bad, but such comparison is vitiated by the past year's fall in prices. There is now evidence of a check to this decline, and prices are generally believed to be near bottom."

Discussion of the German reparations question is still rife. It is possible that Germany may announce her inability to meet in full the January indemnity installment. Neither Hugo Stinnes nor former Reconstruction Minister Rathenau has met with any degree of success in their tentative efforts to obtain a loan from London bankers which might aid Germany in meeting her approaching installment. Unless some definite and successful measures are taken to restrict the rather indiscriminate flood of paper money which has been pouring out from the presses, and a firm stand taken to give some degree of stability to Germany's state of financial confusion it is regarded as not unlikely that Chancellor Wirth will have to admit the failure of his policy, and his inability to cope with the situation under existing circumstances.

THE RISE IN STERLING

The rise in sterling during the early part of December is ascribed in a London cable to the *New York Times* to the belief that plans for refunding the European loans of America's treasury are well under way in Washington.



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The cable, under date of December 11, says in part:

"The past week's spectacular rise in sterling is largely ascribed here to the idea that American plans for refunding the European loans of your Treasury are well forward. This impression is derived both from President Harding's message to Congress and from the report that your Cabinet officers are dealing with the question. The prospect of a moratorium for Germany has doubtless also helped in strengthening New York exchange on London, and sentiment is at the same time most favorably influenced by optimism over the character of the Pacific settlement and the Irish agreement.

"Among foreign exchange houses some doubt is expressed as to whether the advance in sterling will for the present go much further."

BRITISH SMALL INVESTORS

British small investors have subscribed approximately £500,000,000 toward national loans according to the fifth annual report of the British National Savings Committee. A report received by the Bankers Trust Company of New York, from its English Information Service, indicates that investment of small savings in major loan securities during the war years and up to the end of 1920, amounted to £242,396,000, while an additional £279,938,000 (net) was invested in Savings Certificates. The small investors subscribed for the large loans through the medium of the Post-office and Trustee Savings Banks.

The report shows that £80,625,000 of small savings went to the purchase of National War Bonds, Victory Bonds and Funding Loan, £76,439,000 to Post-office and Trustee Savings Banks issues of the four and one-half and five per cent. War Loans, and £55,342,000 to Exchequer and Treasury Bonds. A gratifying feature is found in the fact that out of a total of £341,342,000 of Savings Certificates purchased up to the end of 1920, only £61,404,000 or about eighteen per cent. reduction of the amount subscribed was occasioned by repayments.

During 1920 the receipts from sales of Savings Certificates exceeded repayments by about £13,000,000, and over £7,000,000 of small savings were invested in Exchequer and Treasury Bonds. Apart from all of these investments £97,329,000 in deposits were received by the Post-office and Trustee Savings Banks from 1914 to the end of 1920.

France

FINANCIAL AND TRADE
SURVEY

Foreign trade shows little relative change, according to a cable to the Department of Commerce at Washington from Commercial Attache William C. Huntington, Paris. Exports of manufactured articles still holding a more than normal portion of the total. Coal

production continues to increase, while production of iron ore, pig iron and steel decreases. Unemployment is unimportant at present. Railway freight traffic shows a slight slackening.

FISCAL MEASURES

The debate on French finances which has been taking place in the Chamber of Deputies preliminary to discussion of the 1922 budget has been closed. No new means were found for solving the financial difficulties of France. The following principles were reaffirmed: Germany shall be held to strict execution of her pledges with regard to reparations. No new taxes will be imposed until the public has been educated to present tax legislation.

It is generally felt that it would be unwise to vote new taxes until such a time as receipts from existing taxes prove more satisfactory, such returns at present being much below estimates. Furthermore, new tax legislation would only increase the burden of taxes weighing on those who are now making returns without increasing the total number of tax return forms rendered. The Chamber also decided against further fiduciary inflation and reductions in the operating expenses of the Government will continue to be made wherever practicable. The number of Government employees will be gradually reduced to the 1914 scale and more efficient operation of the Government monopolies is advocated.

OCTOBER TAX RETURNS

The total yield of taxes for October shows an improvement of thirty per cent. over the September returns. The business turnover tax produced seven per cent. more than during the previous month. Issues of national defense bills continue to be heavy. Fiduciary circulation is unchanged but it is hoped that inflation will be reduced two billion francs by January 1. Francs were weak during November, but jumped in sympathy with the German mark. The Bourse was generally inactive, some disturbance being caused by the rumored

proposition for a moratorium applying to German reparations. Temporary uneasiness was also caused by the Socialists' demand in the Chamber for a tax on capital. Capital invested in securities during October amounted to three and one-third billion francs, of which the Credit National took three billions.

This figure does not include Government issues. In general, business is cautious, the situation being dominated by the course of the German mark. Buyers are inclined to hold off while waiting for further proof that the present improvement in business is something more than seasonal. Prices of various commodities as a whole remain constant. Import and export values for the first ten months show little relative change and October imports of raw materials and exports of manufactured articles correspond with those of September. Normally, the value of raw materials imported is 135 per cent. of that of manufactured articles exported. Up to the present time the 1921 ratio in this respect is only eighty-two per cent. Foreign trade statistics show a general decline in commerce with all countries except Germany.

COAL PRODUCTION

The production of coal in France during October exceeded 2,500,000 metric tons, or twenty per cent. more than that of September. Coal imports decreased twelve per cent. as compared with September. During the third quarter of 1921, as compared with the preceding six months, iron ore production fell off nineteen per cent., pig iron twelve per cent. and steel nine per cent. Fifty-one blast furnaces were in operation on October 1.

Unemployment has decreased to such an extent as to be unimportant, only 12,600 persons being listed as receiving the Government unemployment allowance. The daily average freight cars loaded in November was approximately 48,000, indicating a slight decrease as compared with the preceding month.

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Italy

TRADE CONDITIONS IMPROVE

A vote of confidence accorded the present government on December 5, and an increased activity in the textile, automobile, and metallurgical industries during the past month indicate a gradual improvement in the economic situation of Italy, according to a cable from Commercial Attache McLean at Rome to the Department of Commerce at Washington. However, the general release of agricultural labor has caused a steady increase in unemployment totals, says the cable.

Government revenues during October totalled 1,400,000,000 lire, an increase of 131,000,000 lire over the same month last year. Government expenditures during July amounted to 1,111,000,000 lire, an increase of 94,000,000 lire over the same month of 1920. Bank note circulation, loans, and checking deposits

in Italy show little change over those of the previous month. An active demand for short-term treasury notes continues. Security prices declined during November but closed somewhat firmer under the bolstering effect of a government issue. Considerable fluctuations in exchange, and a decline in the value of the lire are forecasted.

The Ansaldo Company, one of Italy's largest industrial corporations, is reported to be in financial difficulties, arising from overexpansion previous to the unforeseen collapse of business. Disaster has been prevented by the formation of a banking syndicate, with a capital of 600,000,000 lire, comprising four important Italian banks, for the purpose of taking up the Ansaldo stock previously held by the Banca di Sconto alone.

INDUSTRIAL IMPROVEMENT

An encouraging increase of activity in the textile, automobile and metallurgical industries has appeared during the past month. Unusually large stocks in the paper industry have resulted in a fifty per cent. decrease in production. However, the demand is improving and will probably relieve the present situation.

Although unemployment on November 1 reached a high figure of 492,000 and 130,000 are reported to have been working part time on that date, the labor situation has improved generally in the metal industry, and no important strikes are now in progress. The close of the harvesting season is largely responsible for the abnormal amount of unemployment.

The coal market is reported to be dull, and large stocks are maintained. Activity is noted in silks of better quality, but the cotton and hemp markets are weak. Little change is noted in the price of lemons, olive oil, dried fruits and nuts. The wholesale price index (based on the 1920 average) rose from 92.9 in September to 95.95 in October, and then dropped slightly to 95.27 in November. Prices of food products have increased somewhat, while those of industrial materials have fallen.

Except in certain northern districts which are suffering from lack of rain, the fall planting is proceeding normally. The olive crop is estimated at sixty-six per cent. that of last year, and conditions have improved considerably since the previous estimate of 5,500,000 quintals (1 quintal equals 220.46 pounds).

GOVERNMENT FINANCES

The financial statement of the Minister of the Treasury presented early in December, shows, according to the Associated Press, that for the financial year 1920-21 the deficit amounts to 10,712,000,000 lire, instead of the estimated 12,141,000,000. This was due to the fact, that although expenditure increased, the revenue yield amounted to 18,071,000,000 lire, instead of the estimated 10,806,000,000.

The estimated deficit for the year 1921-22 is approximately 5,000,000,000. For the financial year 1922-23, which will be the first budget from which direct war expenditure will be almost completely eliminated, it is hoped that the deficit will be reduced to 3,000,000,000 lire.

The minister, who gave a mass of statistics, commented on the fact that this progressive budgetary improvement was remarkable, because all debits even those of a passing nature, dependent on the war, for instance, repair of war damage, merchant shipbuilding, etc., were figured in the Italian budgets.

Deficits, however, the minister declared, must disappear and the government would be compelled to ask the taxpayers to make fresh sacrifices.

The minister gave figures showing the measure taken to reduce the paper money in circulation, and dilated on the exchange problems. The government had helped to improve exchanges by following a sound monetary and economic policy and a rigorous financial policy by stopping any further note issues, reducing the amount of notes in circulation and reducing state purchases abroad to a minimum.

No tangible improvement could be attained until the whole international monetary and economic situation was

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modified and until the world entered into another frame of mind and the spirit of peace and solidarity prevailed among peoples.

Dealing with the trade balance, he announced that in the first eight months of the current year imports amounted to the value of 9,797,000,000 lire and exports to 4,872,000,000, which constituted a remarkable improvement as compared with last year.

Germany

ECONOMIC CONDITIONS

Commenting on inflation and on the much talked of industrial revival, the Direction der Disconto-Gesellschaft of Berlin, says in a recent letter:

"No financial policy, however, cleverly devised, can put Germany in a position to meet the reparation obligations from current revenues, unless she succeeds in enormously increasing her export trade. As long as we are unable

to wipe out our present adverse trade balance, an aim which, apart from the still existing stagnation of international trade, is rendered more difficult owing to tariff-walls erected in several of the most important foreign markets, in other words, as long as we are unable to accumulate a surplus of foreign exchange by export trade, we have to secure same for reparation purposes by selling paper marks. Thus on the one hand, marks are continually being offered, causing a drop in value, and on the other hand a new issue of paper money proves inevitable.

"The German Government is concentrating all efforts on balancing the budget. The possibilities to gain this end by simply reducing expenditure are however very limited, as apart from current administrative expenditure and of payments in gold for reparation obligations, additional vast sums are constantly required. We merely point to the cost of the Rhineland occupation, reimbursements under the clearing sys-

tem and compensation payments at home concerning war damages sustained abroad, as well as deliveries of coal, ships, etc.

THE FALL IN THE MARK

"Very often views are expressed in foreign newspapers to the effect that the fall of the mark is less due to reparation payments than to the activity of the note-printing press in order to deliberately cause inflation—thus insinuating an intention on Germany's part to prove her inability to pay reparation to the extent imposed by the ultimatum. It is of course not to be denied that the causes of continuous inflation on the one hand, and the depreciation of the mark on the other, cannot be divorced. The basic cause is however widely different from what the foreign press believes it to be and we have already intimated why—in the present state of affairs—inflation is unavoidable.

"In order to permit the discontinuation of printing further notes, it is primarily necessary to wipe out the deficits of our budget, but this is quite impossible as long as the new and heavy taxation laws, however difficult their enforcement may be, have not shown their full effects. The misconception above alluded to as entertained by the foreign press with regard to the real causes and effects must, however, not remain unanswered by us.

THE REVIVAL OF TRADE

"Since the raising of the Rhine's customs frontier a spirit of enterprise is predominant there and a great revival of trade has taken place in the Rhine-lands. It is even reported that factories, having been compelled to close down after enforcement of the sanctions, have now restarted work.

"Employment in most branches of industry is satisfactory, as the low rates of the mark induced foreign buyers to place numerous orders. Many branches of industry will be fully occupied until next spring and have sold their manufactures several months ahead. This applies especially to the textile industry, which, however, chiefly supplies home

requirements, to the cotton industry as well as to the wool and silk industry. German prices of raw cotton have now surpassed all previous records. The revival of trade does, however, not mean a consolidation of our economic position; on the contrary, it is nothing but a factitious exchange boom ('Katastrophen-Hausse'). Should the mark decline further, it might well become impossible to replace raw materials, compelling most factories to an absolute standstill for want of same.

"The iron and metal industry has likewise made further progress. This branch of trade, however, cannot fully benefit by the increased calls made upon it, owing to short supplies of coal. This deficiency is most severely felt as far as all kinds of high grade coal are concerned, as a consequence of coal deliveries to the Entente countries, these to a large extent being composed of best quality coal. The consequent want of high grade coal explains the import of English coal to North Germany. At present this import is however not extensive, the monthly arrivals in Hamburg from England amounting to about 150,000 tons. The increased export of all branches of our industry, caused through the depreciation of the mark, has likewise given a fresh stimulus to the iron industry. Less favorable conditions than in the bar-pig iron and wire market exist in the machine industry, which does not show a uniform revival in all branches."

"The sale of shipbuilding materials is comparatively limited owing to the critical conditions of the shipbuilding industry in general. German wharves and their holding capacities have largely increased during the war. Several state-owned wharves, formerly exclusively engaged in constructing warships, are now solely kept employed with our mercantile marine. The means placed at the disposal of the steamship companies by the government under the Compensation Act, are however not sufficient to occupy fully all existing shipbuilding yards. In view of the huge increase in the cost of building, the steamship companies' own means prove just sufficient to carry out a moderate building

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program. The construction of river boats has increased, as boats surrendered under the Versailles Treaty must be replaced.

"The motor industry, contending with many difficulties for a long time, specially in the sale of its manufacture, has also increased exports owing to the depreciation of the mark. Home trade, however, remains stagnant, although a slight improvement, following the recent Berlin Motorcar Exhibition is noticeable. Regarding home markets, it must be borne in mind that the depreciation of the mark involves an increase in working expenses and cost of production as a result of the increased cost of imported raw materials, such as rubber, cotton and oil. Under strain of the competition in the world market most factories of this industry are now confining themselves to the building of standard type machines.

"The china and glass industry is, generally speaking, well occupied. The home market can only absorb better qualities to a limited extent. The U.

S. A. are the principal customers for our china-ware, taking about half of Germany's export. Like so many other industries, for instance the steel industry, the exports of which are also largely absorbed by North America, the china industry keenly watches the final decisions regarding United States custom regulations and hopes for easier trading conditions than hitherto.

Scandinavia

CONTINUED INDUSTRIAL DEPRESSION

The general depression in Scandinavian financial and industrial life still prevails, and Scandinavian Government financial experts are giving warning that the crisis will be of long duration, according to a cable from Commercial Attache W. L. Anderson at Copenhagen, Denmark, to the Department of Commerce at Washington.

The Scandinavian industries continue to struggle with high production costs

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and are operating at a minimum profit. Employers claim that wages must be further reduced before the industries can be placed on a competitive basis. The unemployment situation continues extremely serious and the number of unemployed has of late increased very slightly.

The Swedish wool pulp and paper market is improving and prices are rising. However, prospects for winter shipments do not appear particularly promising. Stocks on hand of pulp paper and timber are rapidly being reduced to normal.

The Swedish iron and steel production has been reduced to a minimum, the high costs of production resulting in inability to compete with foreign iron and steel products.

Danish agricultural exports are reported to be moving steadily and in a satisfactory volume. The recent Norwegian fish sales to Russia appear to have been unprofitable.

SCANDINAVIAN TRADE BALANCE

The Scandinavian trade balance for September, as compared with August, shows imports to have been as follows: Denmark—September, 136,000,000 crowns; August, 158,300,000 crowns; Norway—September, 176,000,000 crowns; August, 148,000,000 crowns; Sweden—September, 126,000,000 crowns; August, 103,000,000 crowns. Exports for the same two months are given as follows: Denmark—September, 125,000,000 crowns; August, 153,000,000 crowns; Norway—September, 82,000,000 crowns; August, 72,000,000 crowns; Sweden—September, 105,000,000 crowns; August, 112,000,000 crowns.

While idle tonnage is being further reduced, shipping operations are not expected to yield any great profit, as much tonnage is being operated either with minimum profits or no profits whatever.

The money market is excessively tight, and liquidation and the riding down of capital continued during the month of November. The Danish Government is working on its new taxation



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program, which includes new ad valorem duty and taxes on luxuries. It is rumored that a new Danish State loan abroad is under consideration. Violent fluctuations in Norwegian exchange are taking place, while Swedish and Danish exchanges remain steady with improving tendencies. Large sums of German mark holdings, it is reported, are being used by Danish interests for purchases in Germany of luxuries and non-essential articles in an obvious effort to liquidate with the least possible loss at least part of the great quantities of German currency held in Denmark.

Belgium

IMPROVEMENT IN INDUSTRIAL SITUATION

The general industrial situation in Belgium showed further improvement during November, although metallurgi-



View of Hradčany, at Prague, the White House of Czechoslovakia

cal production was restricted, says a cable received in the Department of Commerce at Washington, from Acting Commercial Attache Samuel H. Cross, Brussels. Difficulty was experienced in adjusting industries to the requirements of the eight-hour law. Efforts to effect wage readjustment caused a ten-day shut down of the Ghent linen mills, which owing to a settlement which maintained previous wages with reduced hours resulted practically in a eleven per cent. wage increase. The Brussels tramways have been paralyzed by a general strike since November 24. The new one per cent. sales tax, which became effective November 14, is expected to prove an important source of revenue. Further adjustment of government finance is awaiting action of new parliament.

The flax market is firm with rising prices. Linen mills are working full time, but considerable cloth stocks are on hand and sales are hampered by severe Irish competition.

Cotton yarn prices fluctuated with raw staple, closing at about 1.5 francs per kilo under November 1 quotation. Cotton spinning mills continue to operate on half-time basis, and yarn stocks are reduced to 3,000 tons. There are relatively large stocks of cotton fabrics at mills, but current orders, especially

from England and the United States, are reported to be encouraging. The prices of fabrics have decreased slightly. Purchases of American cotton are satisfactory, and sales in Northern France through Ghent are increasing.

The plate glass factories are working half time with sufficient demand to clean up stocks. The window glass market is good with considerable orders from the United States, but the flint and table glass market is paralyzed.

Austria

ANGLO-AUSTRIAN BANK SEES PROGRESS

According to the monthly review of business made in November by the Anglo-Austrian Bank and published recently in the *New York Journal of Commerce*, the accession to office of the new Austrian Minister of Finance coincides with a new violent rise in the prices for foreign exchange in Vienna. This movement is significant of the accentuation of the difficulties with which Austria has had to deal for some time past. More than half a year has passed since the delegates of the most mighty states have after a thorough investigation stated that Austria needs before all assistance from outside, but that she

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Representative for the United States

J. G. van Breda Kolff

14 Wall Street, New York

will then be in a position to repay at some future date the loans received. During the half year elapsed since then the position has become only worse owing to a catastrophal drought over the whole of Europe. The need for assistance has become more urgent than ever before, but nothing has as yet been done. The result is that the daily demand for foreign currency in Vienna is without counterbalance and leads naturally to a driving up of prices which cannot be stemmed.

The new Minister of Finance cannot of course alter this state of affairs at once. His program based on the expectation of a credit from outside, a credit on which Austria must be definitely able to rely, confines itself to a provisional bettering of the budget in order that when the credits take effect the finances of the state may be put in a permanent order.

REMOVAL OF BANK OFFICES

Removals of the head office of the Anglo-Austrian Bank to London and of

the Oesterreichische Laenderbank to Paris have been passed and were put into force at the beginning of the past month. These measures are of an importance which cannot be overestimated. Through the fact that two large Vienna banks which before the war held practically the whole shipping credit business in their hands have become banks with foreign capital, debts of large amounts which would have had to be paid in sterling have been converted into shares, an event which is of the greatest importance to the future adjustment of Austria's balance sheet. Besides all this, by these transactions direct communication has been established between foreign capital and Austria's economic position, from which fact one may entertain hope of great advantages not so much for the institutions in question as for the economic position of Austria generally and attraction of Vienna as a business center. Both banks have for decades had branches in the present succession states, which have always played an important part there and

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which will now certainly only gain prestige. The conversion of the two banks which has taken place under very favorable external conditions and with the much appreciated support of foreseeing foreign circles, will, it may be confidently expected, in a short time considerably strengthen the contact between large economic spheres, a contact which has now become more necessary than ever before.

Portugal

THE COUNTRY'S RESOURCES

Portugal and her overseas dominions offer an attractive field for trade cultivation and development in practically all lines of manufactured products. As there are comparatively few industrial establishments, they are therefore to a large extent dependent on outside countries for the merchandise in daily use by their people for the needs of their agricultural mining, and commercial industries.

Approximately one-third of the total area of Portugal is under cultivation, and as long as labor was cheap and abundant, most of the farm-owners were content to get along with the primitive methods which had been employed for centuries, but now that wages are so much higher and labor so scarce, land-owners, especially on the large farms, are becoming enthusiastic users of modern machinery and scientific methods of cultivation.

GENERAL TRADE SITUATION

The present general trade situation in Portugal, as with other countries, is necessarily abnormal, as a result of after-war conditions with its excessive taxation and high rate of exchange, but the market for foreign products is large and on the increase, and is susceptible of indefinite expansion.

Portugal has been increasingly dependent upon the United States as a source of supply, and where formerly most of its supplies were purchased

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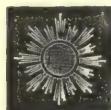
[Yokohama Shokin Ginko]

HEAD OFFICE, YOKOHAMA, JAPAN

Capital Subscribed .

Capital paid up . . .

Reserve Fund



(\$0.50=1 Yen) . . Yen 100,000,000

. . Yen 100,000,000

. . Yen 57,000,000

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Batavia	Dairen	Hongkong	Lyons	Osaka	Shanghai	Tientsin
Bombay	Fengtien	Honolulu	Manila	Peking	Shimonoseki	Tokyo
Buenos Aires	Hamburg	Kai-Yuan	Nagasaki	Rangoon	Singapore	Tsinan
Calcutta	Hankow	Kobe	Nagoya	Rio de Janeiro	Soerabaya	Tsingtau
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from Germany, England and France, preference is given to American agricultural machinery, and during the war the Portuguese Government purchased American tractors for distribution among the farmers, and experimented extensively in order to find out just what types of tractor were best adapted to Portuguese agriculture.

Despite the uncertain conditions which have existed, the Portuguese importer is usually keen, experienced and financially reliable. There have been practically no failures of trustworthy houses during the past five years, in spite of the complex negotiations resulting from the war and the depreciation of Portuguese currency. With the promise of a more equitable financial condition, the great need of Portugal for agricultural machinery, motor trucks, automobiles, tires and accessories will undoubtedly be satisfied from the United States.

South Africa

CONDITIONS GRADUALLY IMPROVING

The New York agency of the National Bank of South Africa, Ltd., has received the following cable dispatch from the Capetown office of the bank:

"The shipping figures of Union ports for the first eight months of the year compared with the like period of 1920 indicate a decrease in oversea cargoes landed of 417,300 tons, or thirty-two per cent., and an increase in tonnage shipped of 603,800 tons, or thirty-four per cent. Import values declined by £23,250,000, while exports declined £21,500,000. Imports of soft goods and food and drink continue to display diminishing values. Exports of food and drink increased by £2,250,000.

Although August exports were £856,000 below July, the balance in South Africa's favor was £1,000,000 compared with an adverse balance of £4,-

TRADE WITH FINLAND

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750,000 in August, 1920. The whole-sale trade generally is dull. Johannesburg reports considerable inquiry for soft goods with which the market is inadequately supplied owing to cautious buying during the past months, there being a shortage in some lines. On the Commercial Exchange the volume of business is small. In the opinion of the community, however, the general position is improving gradually.

India

FOREIGN TRADE

The official record of the growth of India's importations from the United States, says the *Trade Record* of the National City Bank of New York, is illustrative of the growth in the share which the Orient generally is making in America's export trade. Prior to the war, the share of our exports sent to Asia as a whole was only 4.8 per cent., advancing to 6.4 per cent. in 1916, 7.6

per cent. in 1918, 8.9 per cent. in 1919, 9.3 per cent. in 1920, and 10.1 per cent. in the ten months of 1921 for which figures are now available. The total value of American exports to Asia advanced from \$113,000,000 in 1914 to \$772,000,000 in 1920 and will be about \$500,000,000 in the calendar year 1921. The fall off in the exports to Asia in October, 1921, the latest month for which figures are available, is far less than that to any other of the grand divisions, the reduction in the October sales to Asia having been less than \$62,000,000 when compared with October of last year against a decrease of \$13,000,000 in the exports to Africa, \$19,000,000 in those to Oceania, \$34,000,000 in the shipments to South America, \$102,000,000 to North America, and \$227,000,000 to Europe.

To India, in which American activities are officially discussed by the British trade representative above quoted, the exports in 1920 were practically ten times as much in value as in the year

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immediately preceding the war, the total value of American exports to India having grown from \$10,379,000 in 1914 to \$99,828,000 in 1920, and while the 1921 exports to that country show a decline, as they do to all other parts of the world, they will be for the current year approximately six times as much as in the year immediately preceding the war.

Figures of trade between America and India, adds the bank's statement, are illustrative of the growth of American trade with all of Asia and Oceania which has jumped from \$526,000,000 in the fiscal year 1914 to \$1,773,000,000 in the fiscal year 1921. Imports alone from Asia and Oceania grew from \$329,000,000 to \$969,000,000, and exports thereto advanced from \$197,000,000 to \$804,000,000.

Japan

ECONOMIC RECOVERY SLOW

The highly organized character of Japanese industry and its close interrelation with banking and finance are the principal causes for the slow return of Japanese business to anything like pre-war normal conditions, according to F. R. Eldridge, special agent of the Washington Department of Commerce at Tokio. Heroic measures were necessary when the slump came in 1920 to prevent precipitate declines in prices and wholesale ruin and disaster. The measures then adopted have kept the brake on Japanese price declines ever

since, and the high cost of living resulting from those price levels has in turn kept wages high, and high wages in industry do not permit the manufacture of goods for either the home or foreign markets at competitive costs. The fact that business is so highly organized, however, permits a certain amount of discriminating judgment in the placing of goods manufactured at varying cost levels, and a comparison between domestic and foreign prices of Japanese manufactured products is rather convincing that, so far as a policy exists, it tends to favor the foreign purchaser at the expense of the domestic consumer. The ordinary economic remedies of reimport and underselling are partially defeated by the concentration of stocks and the control of foreign marketing by large organizations.

This situation, says Mr. Eldridge, of course, is gradually remedying itself as the high priced stocks are fed to the domestic market and replaced by goods either produced or manufactured at lower levels, but the process is very slow. The buyers' strike, which in the United States had the healthy effect of forcing considerable write-off of inventory losses, has here assumed a chronic aspect, with a stagnating effect upon industry and a paralyzing effect upon business. Lacking the free play of the economic laws of supply and demand, business is perched on a pinnacle, while the receding tide of world price and wage levels leaves it daily in a more remote position.

BANCO DUGAND

Head Office: Barranquilla, Republic of Colombia

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Reserve Fund . . . 280,000

U. S. Gold \$2,280,000

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Australia

FAVORABLE TRADE BALANCE

The recent sharp advance of the exchange rate between New York and London brought a corresponding improvement in the Australian rate, says a summary prepared by the Far Eastern Division of the Washington Department of Commerce. The foreign trade for the five months since July 1 has resulted in a very considerable excess of exports over imports for the period, arising from large sales of wool and wheat and a marked curtailment of imports, which has replenished London balances so that most of the banks are now selling telegraphic transfers freely. The recent American loan of £12,000,000 to Queensland should also make remittances easier. Another promising feature is the prospect that the present wheat crop, the harvesting of which will be practically completed during January, will be one of the best in Aus-

tralian agricultural history. Although the preliminary estimate placed the yield from the current crop at 139,000,000 bushels, it seems probable that the yield will be more nearly in the neighborhood of 150,000,000, or about equal to the yield of the 1916-17 crop, which, however, was about 26,600,000 bushels less than the crop of the preceding year. Last season's wheat crop yielded about 146,000,000 bushels. The exportable surplus may be roughly estimated by allowing 33,000,000 bushels for domestic consumption and seed.

The Australian wool sales were resumed October 17, after a month's recess, for the disposal of 150,000 bales of the 1920-21 clip, so as to clear the market before beginning the sales of the 1921-22 clip in November. The marketing of this new clip, which is estimated to yield 1,600,000 bales, started with prices generally firm, despite the fact that there still remained unsold a quantity of "Bawra" war-time carryover wool, equivalent to about

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DISCONTO - GESELLSCHAFT

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Capital and Reserves

M 650,000,000



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BRASILIANISCHE BANK FÜR DEUTSCHLAND

Hamburg — Rio de Janeiro — Sao Paulo — Santos — Porto Alegre — Bahia

BANK FÜR CHILE UND DEUTSCHLAND

Hamburg — Valparaiso — Santiago — Concepcion — Temuco — Valdivia

three-fourths of Australia's annual production.

There seems to be little likelihood of an early revival in the meat industry. In the Queensland Legislature recently it was stated that wages of cattle station hands had increased 100 per cent., railway freights sixty-five per cent., killing and freezing charges fifty per cent., and over-sea shipping charges 250 per cent. since pre-war days, and that under such conditions the meat industry in Queensland was hopeless. It is estimated that there are 350,000 to 400,000 prime bullocks in Queensland alone available for the next killing season.

Mining of almost all metals except gold is nearly at a standstill and even the production of gold is declining, having been supported mainly by the premium offered abroad, which has steadily become less. The total mineral production during 1920 was valued at £21,943,000, according to figures which have just become available.

Import stocks generally have mate-

rially decreased, even of so-called soft goods, of which the overstock was heaviest resulting in increased inquiries for American hosiery (though there is still a good deal of it in certain warehouses), American underwear, all kinds of machinery (but especially knitting and weaving machinery), various lines of tools, and small hardware. Stocks of steel and iron sheets, wire and other metal goods are being steadily reduced. During the later part of October an unexpected shortage arose in medium-priced motor cars, possibly due to the country demand created by the demonstrations at the recent Royal Agricultural Show. Of seven Victorian agents of the more popular makes, five are selling from January arrivals and one from February. The sixth had about a month's normal supply of cars. One curious item for which a marked demand and an absolute shortage exist is American chairs, which have probably taken the place of Austrian bentwood

chairs. Prices of most import articles have hardened slightly.

Mexico

PROPOSED BANK OF MEXICO

By JOHN CLAUSEN

An executive bill presented to the Chamber of Deputies creating a sole bank of issue and deposit; discount, mortgage, agricultural and industrial banks, proposes that, in compliance with Article 28 of the Constitution, a bank be established in the City of Mexico with authority to issue bills and under a special concession for the term of twenty years, which may be extended by the Federal government.

The initial capital of this institution shall be at least fifty million pesos, but the law authorizes a stock issue of not to exceed one hundred million pesos, divided into two series, "A" and "B." The first series will be subscribed by the Federal government, and shall have a total value of fifty-one million pesos. Shares of this issue are not transferable. The second series will embrace four million, nine hundred thousand shares of ten pesos par value each, or forty-nine million pesos in all, and shall be open to public subscription.

The management of the bank in Mexico will be entrusted to a council of administration, whose president will be the Secretary of Hacienda, or his representative; the remaining numbers will be elected from among the holders of stock of series B. There will be, also, commissioners named by the Federal government, and the government shall always have the right of veto to prevent the execution of resolutions of the council of administration in regard to operations which affect more than five per cent. of the capital, or those which, although apparently independent, are interlocked and total more than such five per cent., or new emissions of bills which may disturb the economic equilibrium of the Republic.

The Bank of Mexico is authorized to issue bills for an amount which, added to returnable deposits, on sight, or

three days' sight, does not exceed twice the balance on hand in cash or in gold bonds.

These bills shall be paid on presentation to the bearer and their circulation shall be voluntary (apparently not legal tender).

Argentina

TRADE WAITS ON OUTSIDE PURCHASERS

The business outlook in Argentina, according to a special report prepared by the Washington Department of Commerce, is one of waiting for the outside world to become purchasers of Argentine raw materials. Internal affairs seem to be in good order with no important political or labor disturbances. Crops bid fair to be at least normal and, in so far as Argentina contributes to its support, the outlook is satisfactory. During the difficult times of the past year weaker concerns have been forced out or have managed to liquidate their affairs satisfactorily and are now back on a substantial basis, with the result that the country is in good condition materially. Relations with the outside depend upon prices obtainable and the demand for Argentine products.

BANK DEPOSITS

In spite of the adverse circumstances occasioned by the intense cold of the winter months of June, July and August, accompanied by the long drouth, the falling off of the export trade, and the lack of activity in commerce the banking business has been carried on without serious difficulty. Bank rates for commercial operations, including single signature paper, are fluctuating around 7 to 8.5 per cent.

The decreased movement in the Buenos Aires clearing-house, which occurred during the earlier months of the year, has recently been further accentuated, reflecting the general business depression. During September of the present year checks totaled 3,076,066,200 paper pesos, as compared with 3,517,364,600 paper pesos in September,

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1920, and 3,291,591,600 paper pesos during the same month in 1919.

INFLUX OF BRITISH AND GERMAN CAPITAL

There has recently been a new influx of British capital, favored by the fall of the peso to such an extent that the pound sterling has been quoted at a premium for many months. Consequently several important British enterprises have taken steps to consolidate and expand their business in Argentina, while German capital is participating to some extent in the exploitation of the natural wealth of the country, being invested in the oil fields, metallurgical industries, and wireless telegraphy.

In all parts of Argentina great interest is being displayed in surveying and exploring the known oil fields, and the activity of petroleum syndicates and other capitalists is being constantly increased by the obvious proofs that

workable oil fields exist throughout Argentina. American, British, German, and Chilean capital is becoming interested in the possibilities of Argentine oil, and the government is also extending operations to the Plaza Huincul fields in the territory of Neuquen and to the northern fields in the Province of Jujuy.

Brazil

COUNTRY EMERGING FROM DEPRESSION

Recent reports indicate that Brazil is emerging slowly but surely from the commercial depression which it has shared in common with other countries of the world, according to official mail advices to the Washington Department of Commerce. This is due largely to the active participation of the government in all remedial measures—especially its prompt recognition of the national aspect of the coffee problem by



Banking Service in the Far East

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CEYLON
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Hankow
Hongkong
Peking
Shanghai
Tientsin

**FRENCH
INDO-CHINA**
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Bombay
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JAVA
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Capital and Reserve
Over \$30,000,000

valorizing that product at the time when the need was most immediate and its emergency legislation looking to the encouragement of more economical buying and the return of the normal trade balance.

While the total trade for the first seven months of this year shows an unfavorable balance of 276,999,000 milreis (equal to \$36,437,647 at an exchange rate of 7,602 milreis per dollar, which was the average exchange for the period), the excess of imports over exports, except for May, has shown a steady decline, amounting in July to only 1,169,000 milreis (less than \$125,000 calculated at an exchange of 8,952 milreis per dollar, which was the average for the month), and has approached nearer to the vanishing point than at any time since July, 1920, when Brazil enjoyed a favorable trade balance. The ratio of exports to imports for January was not very different from that of the five months preceding it, which need not be enumerated. Reports for October

showed a slight decline in exports, however.

A return to normalcy is forecast also by the improvement in the exchange rate. The milreis, which reached the low mark of \$0.1073 on July 21, now stands at about \$0.1233 United States currency.

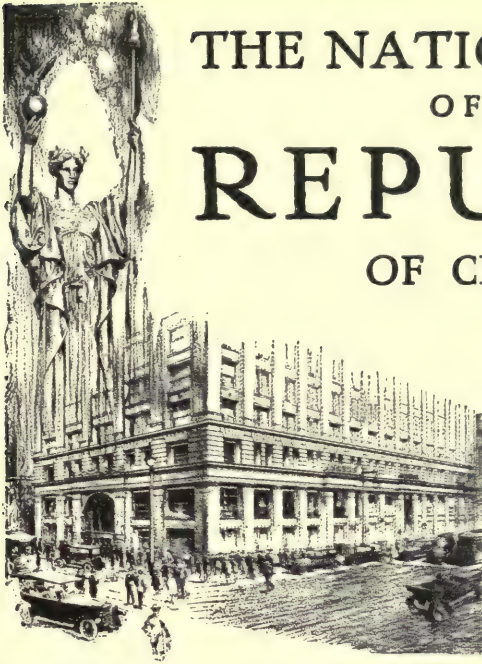


International Banking Notes

The New York agency of the Standard Bank of South Africa, Limited, has received this cablegram from London: Subject to audit directors declare interim dividend fourteen per cent. per annum for the half year ended September 30 subject to income tax. The bank's investments stand in the books at less than the market value as at September 30 last and other usual and necessary provisions have been made."



Arrangements have been concluded for the acquisition by the National City Bank



THE NATIONAL BANK OF THE REPUBLIC OF CHICAGO

Is prepared to render
exceptional service
in exceptional times

CAPITAL AND
SURPLUS
\$3,000,000

of the Paris branch of the Farmers Loan and Trust Company.

The transfer will be made as of January 1, 1922, and will add an important link in the foreign chain of the National City Bank, the Paris branch of the Farmers Loan and Trust Company has been used extensively in the past by the City Bank in its foreign transactions.

A Paris branch will round out the foreign chain of branches of the National City Bank, now located in twenty-two different countries. Officials of the Farmers Loan and Trust Company said that they felt that the amount of strictly Franco-American business for the next few years would not justify their continuance of a direct branch in Paris. Mr. Mitchell also announced the closing of the Plaza, once sub-branch of the National City Bank at Buenos Aires, stating that the activities of that sub-branch would be merged with the main branch in the business center of Buenos Aires.

At a meeting of the board of directors of the Bank of British West Africa, Ltd., London, an interim dividend was declared for the half year ending September 30 of three

per cent. less income tax payable December 1.



At the fifteenth general ordinary annual meeting of the shareholders of Ernest Tornquist and Company of Buenos Aires, the statement of the condition of the company for the year ending June 30, 1920, showed a profit, after deducting amortizations, general and administrative expenses of gold \$1,663,269.18.

This amount has been distributed as follows:

	Gold
Five per cent. to the legal reserve fund	\$83,163.46
Six per cent. dividend on gold \$3,000,000 in preferred shares.....	180,000.00
Eight per cent. dividend on gold \$9,000,000 in ordinary shares.....	720,000.00
Leaving a balance plus gold \$81,654.03 balance of profit brought forward from the year 1919-1920 of	761,759.75
Of which has been allotted to the extraordinary reserve fund of gold \$1,700,000.00	700,000.00
Leaving a balance to be carried forward of	61,759.75

The above distribution gives the company capital and reserves amounting to:

	Gold
Capital	\$12,000,000.00
Legal reserve fund.....	1,239,498.41
Extraordinary reserve fund.....	2,400,000.00
Balance of profit and loss account..	61,759.75

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\$14,937,988.98 Argentine Gold

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CORRESPONDENCE IN ALL LANGUAGES INVITED

According to unofficial information the Anglo-Austrian Bank has been made a British bank with the head office in London. The law giving permission to make this change has been passed in the Austrian Parliament.

The thirty-eight Czechoslovakian branches of the bank will be transformed into a Czechoslovakian corporation under the name of Anglo Czeska Banka with a capital of 200,000,000 Cz.Kr., which will be owned by the Bank of England and the Anglo Austrian Bank.

⊙

According to cable advices from A. E. Lindhjom, Scandinavian representative of the Irving National Bank of New York, the consolidation of the Helsingfors Aktiebank of Helsingfors, Finland, with the Finlands Industribank of the same city has been approved by stockholders of those institutions. The merger becomes effective as of December 31.

⊙

At the thirty-ninth ordinary general meeting of the shareholders of the Industrial Bank of Japan, Ltd., of Tokio, a dividend

of nine per cent. was declared. The gross profits of the bank for the half-year ended June 30, 1921, including Yen 510,339,827 brought forward from the last term were Yen 23,293,225,207. This amount was distributed as follows:

	Yen
To current expenses, interest, etc.....	15,256,763.790
To depreciation on bonds, shares, and debentures; on bad and doubtful debts, etc. (An increase of Yen 1,805,906,190 as compared with the last term).....	4,644,995.580
To reserve against loss.....	500,000.000
To dividend equalization reserve....	200,000.000
To dividends (nine per cent. per annum).....	2,025,000.000
To remuneration to officers.....	100,000.000
Balance carried forward to next account	566,465.737

⊙

Paul M. Warburg, chairman of the board of the International Acceptance Bank, Inc., who recently returned from Europe, announced that during his stay abroad he had obtained a stockholding bank in France, having made arrangements for the Banque de Paris et Des Pays Bas of Paris to join the list of stockholders and to act as the correspondent of the International Acceptance Bank in France. He also announced that a similar arrangement had been made for a connection in Denmark with R. Henriques,

The Bank of the Philippine Islands

MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

Capital fully paid-up .

Reserve Funds . . .



(\$0.50 = 1 Peso)

(Pesos) 6,750,000.00

" 5,972,500.00

WM. T. NOLTING . President

RAFAEL MORENO . Secretary

D. GARCIA Cashier

P. J. CAMPOS . Chief For. Dept.

(ESTABLISHED 1851)

Transacts general banking business. Buys and sells exchange on all the principal cities of the world

Correspondents

London: Nat'l Bank of Scotland, Ltd.

Spain: Banco Hispano Americano

Hongkong: Netherland India Com'l Bank

San Francisco: Wells Fargo Nevada Nat'l Bank

New York: National City Bank, The Guaranty Trust Company and The Equitable Trust Co.

Paris: Comptoir Nat'l d'Escompte

Australia: Bank of New South Wales

Shanghai: Bank of Canton, Ltd.

Chicago: Continental & Commercial Nat'l Bank

Japan: Yokohama Specie Bank, Ltd., Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

Jr., a private banking firm of Copenhagen, joining as a stockholder and agreeing to represent the International Acceptance Bank in Denmark.

Both of the new stockholding banks are among the oldest and strongest institutions in their respective countries.



The following table shows the development of the Kansallis-Osake-Pankki (National Joint Stock Bank) of Helsingfors, Finland, between 1890 and June 30, 1921:

Year	Paid up capital and reserves	Deposits and current account
1890	2,500,000	6,912,715
1895	4,010,600	25,563,421
1900	6,000,000	63,247,883
1905	10,700,000	81,835,231
1910	20,850,000	150,851,358
1915	26,300,000	195,418,170
1918	81,790,000	681,948,100
1919	145,400,000	767,479,785
1920	238,000,000	923,334,311
1921	242,000,000	1,024,402,641



A dividend of ten per cent. was declared at the sixty-seventh general ordinary meeting of the shareholders of the Royal Bank of Australia, Ltd., of Melbourne.

The statement of the bank for the half

year ending September 30, 1921, shows a net profit of £58,215 18s. 9d., which has been distributed as follows:

	£	s.	d.
To a dividend of ten per cent. per annum	37,500	0	0
To transfer to the reserve fund (making it £455,000)	20,000	0	0
To addition to the amount carried forward from last half-year (making it £31,635 5s. 8d.)	715	18	9
	58,215	18	9



According to advices received from Rome by Rodolfo Bolla, New York representative of the Banco di Roma, the income of the Italian Government for the first four months of the fiscal year 1921-22 shows a gratifying increase over the same period of the preceding fiscal year.

The total increase for the months of July, August, September and October, 1921, amounts to almost 1,000,000,000 lire divided appropriately as follows:

	Lire
Indirect income taxes	517,000,000
Government industrial enterprises	142,000,000
Revenue stamp tax	138,000,000
Government commercial enterprises	127,000,000
Recording fees	22,000,000
Sundry sources	12,000,000



At the second annual general meeting of the shareholders of the British Overseas

London and River Plate Bank, Limited.

HEAD OFFICE: 7 PRINCES STREET, E.C. 2, LONDON.

Agency: MANCHESTER, 86 Cross Street

Paris Branch: 9 Rue du Helder

Lisbon Branch: 32 Rua Aurea

Antwerp Branch: 22 Place de Meir

CAPITAL (Authorized)	- - - - -	\$20,000,000
SUBSCRIBED CAPITAL	- - - - -	15,000,000
PAID-UP CAPITAL	- - - - -	10,200,000
RESERVE FUND	- - - - -	10,500,000

(\$5=£1.)

DIRECTORS.

E. ROSS DUFFIELD, Esq.
RICHARD FOSTER, Esq.
FOLLETT HOLT, Esq., M. Inst. C.E.
KENNETH MATHIESON, Esq.

J. W. BEAUMONT PEAASE, Esq.
HERMAN B. SIM, Esq.
Sir RICHARD V. VASSAR-SMITH, Bart., D. L.
ROBERT A. THURBURN, Esq. (Managing)

BANKERS: BANK OF ENGLAND;

LLOYDS BANK, LTD.: LONDON COUNTY WESTMINSTER AND PARRS BANK, LTD.

BRANCHES IN SOUTH AMERICA:

BRAZIL:—Para, Macao, Pernambuco, Rio de Janeiro, Santos, Sao Paulo, Bahia, Curitiba, Pelotas, Porto Alegre, Rio Grande do Sul, Victoria, also an agency at Manaus. URUGUAY:—Montevideo, Montevideo Sub-Agency, Paysandu and Salto.

ARGENTINA:—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahia Blanca, Concordia, Tucuman, Cordoba, Parana. Also in Buenos Aires:—Barracas al Norte, Once, Boca, Calle Santa Fe 2122 and Calle B. de Irigoyen 1138. CHILE:—Valparaiso, Santiago, Antofagasta. UNITED STATES OF COLOMBIA:—Bogota. PARAGUAY:—Asuncion.

Correspondents in all other places of importance in these South American Countries

Documentary Bills Bought, Advanced Upon or Received for Collection. Drafts and Cable Transfers
Sold on all Branches and Agencies. Commercial and Travelers Letters of Credit Issued.

New York Agency, 51 Wall Street, WM. R. ROBBINS, AGENT.

Bank, Limited, of London, the statement of the bank submitted showed a profit, after allowing for rebate of interest and providing for all bad and doubtful debts, income tax and other taxation for the year ended October 31, 1921, of £102,326 2s. 10d. To this has been added the sum of £35,200 7s. 4d., being the balance available from last account, after payment of income and corporation profit taxes for the previous year, making a total of £137,526 10s. 2d., from which sum has been taken an

	£	s.	d.
Interim dividend on "A" ordinary shares at the rate of six per cent. per annum for the half-year ended April 30, 1921, and income tax thereon	30,000	0	0
Leaving a balance of..... which has been dealt with as follows:—	107,526	10	2
In payment of a dividend on the "A" ordinary shares at the rate of six per cent. per annum (less income tax) for the half-year ended October 31, 1921, which together with income tax thereon amounts to	30,000	0	0
To reserve fund against shareholding interests in foreign banks	10,000	0	0
To reduction of premises account	10,000	0	0
Leaving a net balance to be carried forward	57,526	10	2

The governing council has now been able to conform to the usual banking practice of deducting all taxation charges before declaring the profits for the year. The balance of £57,526 10s. 2d. is, therefore, not

subject, as was the case last year, to any deductions of this character.

The governing council has pleasure in reporting that notwithstanding political and commercial difficulties the Anglo-Polish Bank, Limited, had a satisfactory initial year. The bank is issuing 50,000 additional shares amounting to P.M. 25,000,000, and the Bank Zjednoczonych Ziem Polskich (Bank of United Lands of Poland), with which close relations have been established, is taking a large participation in this issue.

In the latter part of the financial year, close relations were established with the Dorpater Bank at Dorpat, in which a small shareholding participation has been taken, and an important increase of its activities in Esthonia is anticipated.

In accordance with the Articles of Association, Sir Harry McGowan, K.B.E., and John Sampson, C.B.E., retire by rotation from the governing council, and being eligible, offer themselves for re-election.

The balance sheet of the Chosen Industrial Bank of Keijo (Seoul), Chosen (Korea), Japan, shows a net profit of Yen 761,098.75 for the half year ending June 30, 1921. The bank has a subscribed capital of Yen 30,000,000.00; a reserve fund



"The Swedish Bank
of Commerce"

Svenska Handelsbanken STOCKHOLM

Cable Address "Handelsbank"

Own Funds: Kr. 181,000,000

of Yen 1,023,270.00, and total assets of Yen 134,980,614.57. There are a total of fifty-seven branches of the bank throughout Chosen.



The French-American Banking Corporation has paid its employees a bonus of ten per cent. and has increased its surplus account from \$500,000 to \$600,000, bringing forward \$245,788.19 undivided profits.



According to cable advices recently received in New York, says the *New York Times*, the first official exchange quotations of the new Russian State Bank is, 475,000 rubles to the pound, 9,000 rubles to the franc, 145,000 rubles to the dollar, 400 rubles to the mark, 33,000 rubles to the krone, 30,000 rubles to the Polish mark. One gold ruble equals 68,000 paper rubles.

Normally, the dollar is worth 1.96 rubles, or one ruble is worth fifty-one cents. At this rate, \$1 would figure out 133,334 paper rubles. The difference is explained in that there are restrictions on free movement of gold from Russia, and gold value put on the paper ruble is largely for internal use. It does not follow that the quotation holds good in external exchange.

Bank of Athens

TRADER and banking relations between the United States and Greece will undoubtedly be furthered by the presence in New York of John Plastropoulos, formerly chief inspector, who has been appointed special representative by the Bank of Athens, the largest commercial bank in Greece. His permanent office was established on November 15, at 136 Liberty street, New York.

The establishment of the New York office is part of a foreign expansion plan on the part of the Greek bank initiated about ten years ago with the opening of a branch in London. The Bank of Athens now has a total of thirty-five branches; including one at London and at Manchester, England, three at Constantinople, three in Egypt, two in Cyprus and one at Smyrna.

The New York office was established to obtain information with regard to American markets for clients of the bank abroad and to make known its facilities among American business men and financial institutions. This is the



JOHN PLASTROPOULUS

New York representative of the Bank of Athens

first office to be opened by a Greek bank in the United States.

The Bank of Athens has grown rapidly in the last ten years. A comparison of the balance sheets of 1914 and 1921 is illuminating. Open accounts of debtors in 1914 were drs. 26,593,263 as compared with drs. 112,405,813 in 1921. Loans in 1914 were drs. 74,758,788 and in 1921 drs. 206,000,000. Cash on hand and foreign exchange with banks abroad in 1914 was drs. 8,673,595 and in 1921 drs. 343,000,000. Open accounts in 1914 were drs. 23,850,192 and in 1921 drs. 83,000,000. Deposit accounts of creditors in 1914 were drs. 69,552,961 and in 1921 512,000,000; and total resources which in 1914 were drs. 156,080,860 had grown in 1921 to drs. 721,000,000.

The 1921 dividend of the Bank of Athens is expected to excel the 1920 dividend, which was drs. 15 per share of drs. 100. The surplus and reserves of the bank at that time were increased to drs. 5,000,000, of which drs. 2,400,000 was included in ordinary reserve and drs. 2,600,000 in extraordinary reserve.



European Observations

SOME pertinent observations of the European situation are contained in a pamphlet issued by Noble Foster Hoggson, under the title, "Getting Our Load on Our Back." The pamphlet contains a summary of impressions gathered from the first annual conference of the International Chamber of Commerce at London, and a subsequent trip through France and Germany. From these impressions the following selections are made as being specially significant:

The bitter feeling which Germany entertains towards France is much greater today than at the end of the war and is being augmented by France's way of dealing with the complicated questions which are constantly coming

up between the two countries for decision.

* * * *

The results of the deliberation of the Supreme Council seems to have proved clearly that Great Britain is pursuing a policy of favoring Germany economically in order to re-establish normal conditions in Europe, to which the French view of weakening Germany to prevent her from reaching her former industrial prosperity is diametrically opposite.

* * * *

Germany in one sense is perhaps the most fortunate of all nations today. She knows exactly what her job is and her people are making a real start towards doing it.

Metropolitan Trust Company of New York

THE new quarters of the Metropolitan Trust Company in the Equitable Building at 120 Broadway, New York, afford a fitting banking home not only in point of location but with respect to the adaptability of the various rooms to banking needs. These rooms, in point of attractiveness and suitability to the needs of the public and of the official and clerical staffs of the Metropolitan Trust Company, are in every particular up to the highest standards of modern bank architecture and equipment.

Almost coincident with the removal to the Equitable Building another very important event in the history of the Metropolitan Trust Company occurred. This was the election of Samuel McRoberts as president, at a meeting of the board of directors on December 27. At the same meeting the following new members were added to the board: Samuel McRoberts, Philip D. Armour, of Armour and Company; Earl D. Babst, president American Sugar Refining Company; Van Lear Black, president Fidelity Trust Company of Maryland; William B. Joyce, president National Surety Company; C. G. Smith, president Great American Insurance Company; C. W. Watson, president the Consolidation Coal Company.

The other members of the board of directors are: Theodore C. Camp, director, Lawyers Mortgage Company; William Carpenter, of W. & J. N. Carpenter; Pierre C. Cartier, Cartier, New York; Beverly Chew, director, Geneva Trust Company; Thomas DeWitt Cuyler, director Pennsylvania Railroad Company; Cornelius Eldert, president Atlantic Mutual Insurance Company; Haley Fiske, president Metropolitan Life Insurance Company; Harold Herick, director Niagara Fire Insurance Company; Erskine Hewitt, vice-president Union Sulphur Company; Arthur A. Houghton, director Corning Glass Works; Raymond T. Marshall, director and treasurer Willcox, Peck and Hughes; Bradley Martin, director Hudson Trust Company, New Jersey;

Walter E. Maynard, New York City; Ogden Mills, director New York Central Railroad Company; Charles W. Ogden, of Ogden and Wallace, Iron and Steel; Herbert Parsons, of Parsons, Closson and McIlvaine, Lawyers; Harold I. Pratt, of Charles Pratt and Company; William Ross Proctor, of Abbott, Hoppin and Company; Cornelius A. Pugsley, president Westchester County National Bank; Joseph J. Slocum, director Western Union Telegraph Company; Harold B. Thorne, vice-president; Alfred P. Walker, president Standard Milling Company; Joseph Walker, Jr., of Joseph Walker and Sons.

At the same meeting, the directors of the Metropolitan Trust Company elected William H. Maxwell, Jr., New York, a vice-president.

The Metropolitan Trust Company is one of New York's well established financial institutions, having been in successful operation since December 1, 1881. Its original capital was \$1,000,000, which was doubled on January 30, 1903, at which time the business of the Atlantic Trust Company was absorbed.

The officers of the bank are: Samuel McRoberts, president; Harold B. Thorne, Charles W. Weston, William H. Maxwell, Jr., James F. McNamara, vice-presidents; Bertram Cruger, treasurer; Geo. N. Hartmann, secretary; Jacob C. Klinck, trust officer; R. W. K. Anderson, Clarence Klinck, assistant treasurers; Frederick E. Fried, Willard E. McHarg, Erwin W. Berry, assistant secretaries; Henry F. Corwin, Edward C. DeVarennes, Arthur L. Barnes, assistant treasurers; Harry Roberts, auditor.

In addition to its main office at 120 Broadway, the Metropolitan Trust Company has a completely appointed office at 716 Fifth avenue.

As a result of its removal to new quarters, and with the changes mentioned in the officers and board of directors, the Metropolitan Trust Company is better than ever prepared for efficient banking service.



SAMUEL McROBERTS

Newly-elected President of the Metropolitan Trust Company of New York

MR. McROBERTS has had a long experience as a banker. For over ten years he was a vice-president and executive manager of the National City Bank, and was prominently identified with the growth and activities of that institution. He has been for a long time a financial and business adviser for a number of important business enterprises, and he brings to the Metropolitan Trust Company an experience that should have a beneficial effect upon its future.

Mr. McRoberts was born in Malta Bend, Mo., December 20, 1869, and is a son of Alexander Highlander McRoberts and Ellen Sisk McRoberts. His father was a descendant of pioneers who came to this country from Scotland and settled in West Virginia during the Revolutionary War, later moving to Ohio. Mr. McRoberts' mother was the daughter of a Maryland family, drawn from a Scotch-Irish strain which had been established in the United States several generations before.

After several years' attendance in the public schools of Malta Bend, Mr. McRoberts entered Baker University, Baldwin, Kan., from which he graduated in 1891. He holds the degrees of A.B., A.M., and LL.D. from Baker University. He later studied law at the University of Michigan, graduating in 1893. He holds the degree of LL.B. from Michigan. Leaving college, Mr. McRoberts entered the legal department of Armour and Company. Later he devoted his attention to the company's finances and he was elected treasurer of Armour and Company in 1904, and became general financial manager for the Armour family. This association continued until 1909, when he was made a vice-president of the National City Bank of New York, and subsequently one of its executive managers.

In November, 1917, upon the invitation of the War Department, he obtained leave of absence from the bank and was commissioned major in the Reserve Corps for service in the Ordnance Department in Washington. He was promoted to be colonel in the National Army shortly after. In December, 1917, he became Chief of the Procurement Division, Ordnance Department, which directed the contracting of all ordnance material used by the Army. He was transferred in July, 1918, to the A.E.F., and on August 28, 1918, was promoted to brigadier-general, resigning from the service in 1919.

In recognition of his service in the war the United States Government conferred upon Mr. McRoberts the Distinguished Service Medal and the French Government made him a Chevalier of the Legion of Honor.

He is a director of the American Sugar Refining Company, Chicago, Milwaukee & St. Paul Railway Company, Consolidation Coal Company, American Ice Company, National Surety Company, Kansas City Southern Railway Company, Great American Insurance Company, American Alliance Insurance Company and other important corporations.

He is a trustee of Baker University, trustee and treasurer of the Board of Trustees of the Young Men's Christian Association of New York City, and his clubs are the Metropolitan, Racquet and Tennis, Links, Recess and Union League Clubs of New York City, Metropolitan and Army and Navy Clubs of Washington, and the Chicago Club of Chicago. He is a founder of the National Golf Links of America, and is a member of several country clubs.



HAROLD B. THORNE

Executive Vice-President of the Metropolitan Trust Company of New York

MR. THORNE has also had a long experience as a banker, having entered the banking field as a junior clerk with the old Mercantile Trust Company in 1895, serving respectively as assistant treasurer, treasurer and vice-president until 1911 when the Mercantile Trust Company was absorbed by the Bankers Trust Company. He served as vice-president of the Bankers Trust Company until June, 1916, when he was elected vice-president of the Metropolitan Trust Company and from June, 1921, until the election of Mr. McRoberts as president was acting president of the latter company.

Mr. Thorne comes of an ancestry notable in the annals of the State of New York. On his father's side he is a direct lineal descendant of William Thorne, who came from England, probably from Dedham, in the County of Essex, in 1638, and settled on Long Island in 1645. He is a great great grandson of Richard Thorne who lived in the family homestead at Great Neck, Long Island, and who was deputy to the first Provincial Congress in New York in 1775 and rendered distinguished service in the War of the Revolution. On his mother's side he belongs to one of the old Knickerbocker families of New York, being a direct lineal descendant of Dirk Benson who came from Amsterdam and settled on the Island of Manhattan in 1648.

Mr. Thorne is one of the directors of the Metropolitan Trust Company, of the Washington Railway and Electric Company, and its subsidiary companies, of Washington, D. C., and chairman of the Broadway and Seventh Railroad Company First Consolidated Mortgage five per cent. Gold Bonds due December 1, 1943 Protective Committee and a member of the Steinway Railway Company of Long Island City First Mortgage six per cent. Bonds, due July 1, 1922, Protective Committee. He is a member of the Metropolitan and Recess Clubs, New York City, the Racquet Club, Washington, D. C., Essex County Country Club, Montclair Club and the Montclair Athletic Club.



Office of the president, Samuel McRoberts, and the executive vice-president, Harold B. Thorne



Officers' quarters



MAIN BANKING-ROOM

This view is taken from the Broadway entrance

The officers' quarters are on the left



Directors' room



Treasurer's office



ANOTHER VIEW OF THE BANKING-ROOM

Looking from the rear of the banking-floor toward the entrance

The officers' quarters are on the right



Correspondence department



Bookkeeping department



Filing department



Auditing department



New Building of the Titusville Trust Company, Titusville, Pa.

THE building, shown above, is an especially good example of a strong, dignified and thoroughly serviceable type of modern bank architecture, well adapted to meet the needs of banks of average size.

Alfred C. Bossom
Bank Architect and Equipment Engineer
680 Fifth Avenue, New York

Correspondence Invited

Titusville Trust Company, Titusville, Pa.

THE Titusville Trust Company, located in the center of the oil district of Pennsylvania in Titusville, Pa., is one of the finest equipped banking houses of its size in the state. Alfred C. Bossom, the well-known architect and bank engineer of New York made the plans for the building and had charge of the construction work.

The exterior of the building is individual and made particularly attractive by grass plots on the front and both sides. The front view shows large semi-circular headed windows separated by granite columns.

James Curtis McKinney is the founder and chairman of the board of the Titusville Trust Company and the bank building is his gift to the stockholders.

THE BANK INTERIOR

Entering the bank one is impressed by the unique treatment. Situated, as the bank is, within a very short distance of the original Drake well, the main panel of the ceiling is a beautifully painted scene of the old Mr. Drake. This, in turn, is surrounded by over forty scenes, of which the uses of oil form the leading motifs. The banking room itself is practically a square and the height of the room is almost three-fourths of the length of the side. The working space is in the center with a large open lobby around it. A gray sienna marble base surmounted by a natural finish bronze super-screen, the pilasters of which are of different designs, surrounds the working space. To the right upon entering the building is the president's private office. The office of the secretary is enclosed in glass at the right of the tellers' cages where he is readily accessible.

The fine, large windows give plenty of daylight to the workers and in addition to them a very modern indirect electric lighting system has been installed.

SAFE DEPOSIT VAULTS

The vault, with a great circular door, weighing twenty tons is conspicuously visible; but at the same time protected by the presence of all the bank employees. As there is open land all around the bank, no other building can ever be built near it, but no possible effort at protection or security against tunneling has been omitted. The vault is protected by one of the most modern electric systems which is concealed in the concrete walls.

Immediately back of the banking room is a walnut paneled directors' room, for which a special portrait of the president, James C. McKinney, was painted.

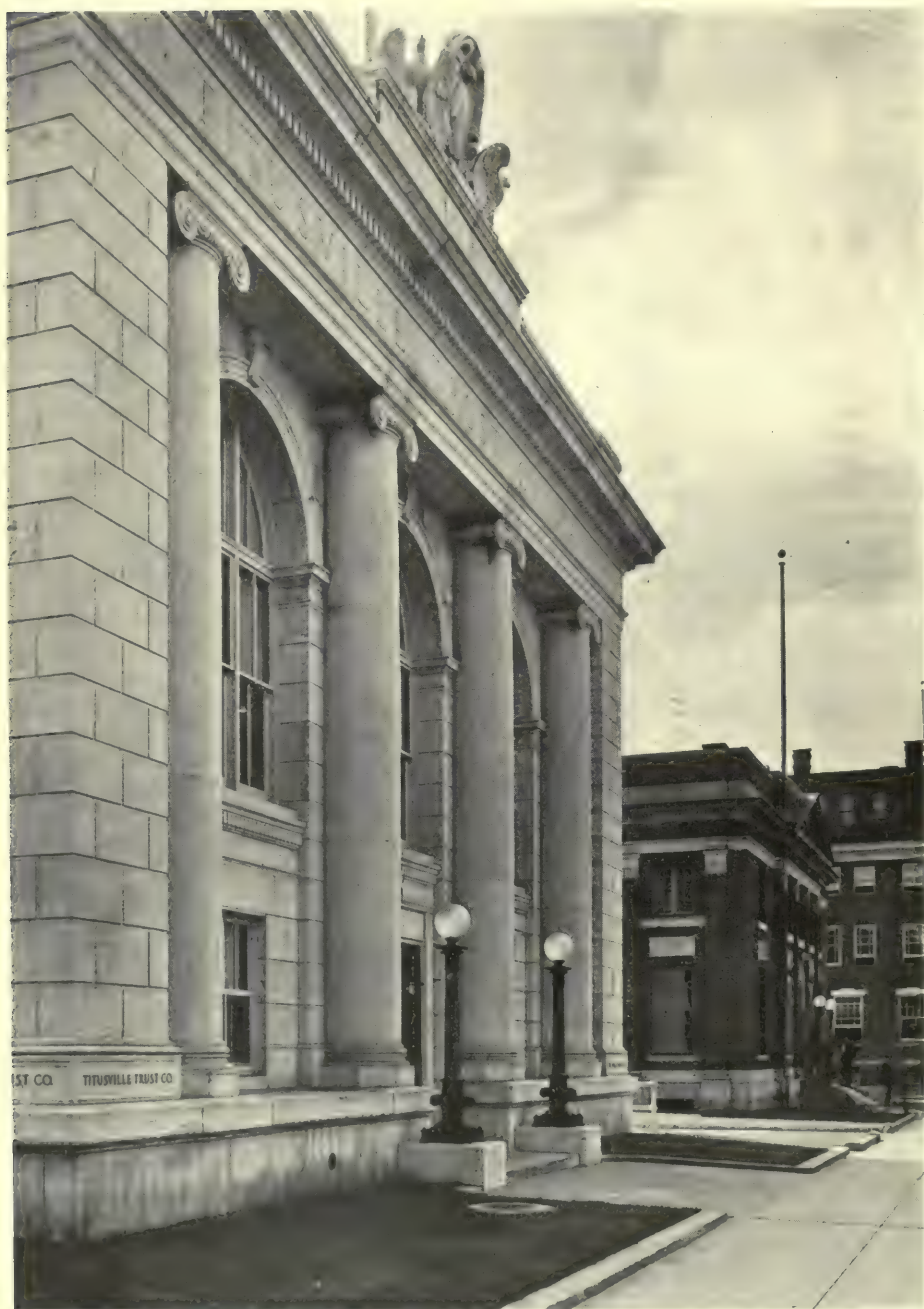
UNUSUAL FEATURES OF THE BUILDING

The building contains a great many features which are not usually found in such a structure. The basement has been entirely utilized. There is a complete fur storage equipment there and also a therapeutic establishment, containing thirteen types of baths, a novel feature for a bank, but appreciated by all the depositors. At the rear of the building is a small addition in which are located a series of private offices for Mr. McKinney, and a barber shop.

The officers of the bank are: chairman of the board, James C. McKinney; president, Louis C. McKinney; vice-president, Frank von Tacky; secretary and treasurer, R. J. Hopkins; trust officer and attorney, William B. Griffen. The directors are: L. R. Bliss, J. T. Dillon, Jr., J. T. Dillon, Sr., Nelson Farel, Willis E. Fertig, H. H. Haskell, J. C. McKinney, Louis C. McKinney, Frank von Tacky, E. F. von Tacky, A. J. Thompson, T. B. Westgate.

CONDITION OF THE BANK

The capital stock of the bank is \$350,000; surplus, \$350,000; undivided profits and reserve, \$391,500, and deposits, \$2,842,051.10. Trust funds invested are, \$3,362,099.97; trust funds uninvested, \$10,124.77.



TITUSVILLE TRUST COMPANY, TITUSVILLE, PA.

The individuality of this bank building can never be detracted from as nothing will be built close beside it. The grass plots on the front and sides soften the solid appearance of the stone and help to make it attractive.



INTERIOR VIEW FACING TOWARD THE ENTRANCE

The detail of the bronze counter screen can be seen very plainly here.
The large windows allow for plenty of daylight.



CUSTOMERS' TABLES

The customers' tables are placed under the windows where there is excellent light and more space is allowed in the banking room.



MAIN BANKING-ROOM

This view of the banking room shows off well its height and the position of the cages in the centre of the room. The painting on the ceiling which is shown in the picture following can be seen partially.



CEILING PANEL OF THE FIRST DRAKE WELL

As the bank is situated within a short distance of the original Drake well this theme has been used in the main panel of the ceiling.



PORTRAIT OF THE PRESIDENT IN THE DIRECTORS ROOM

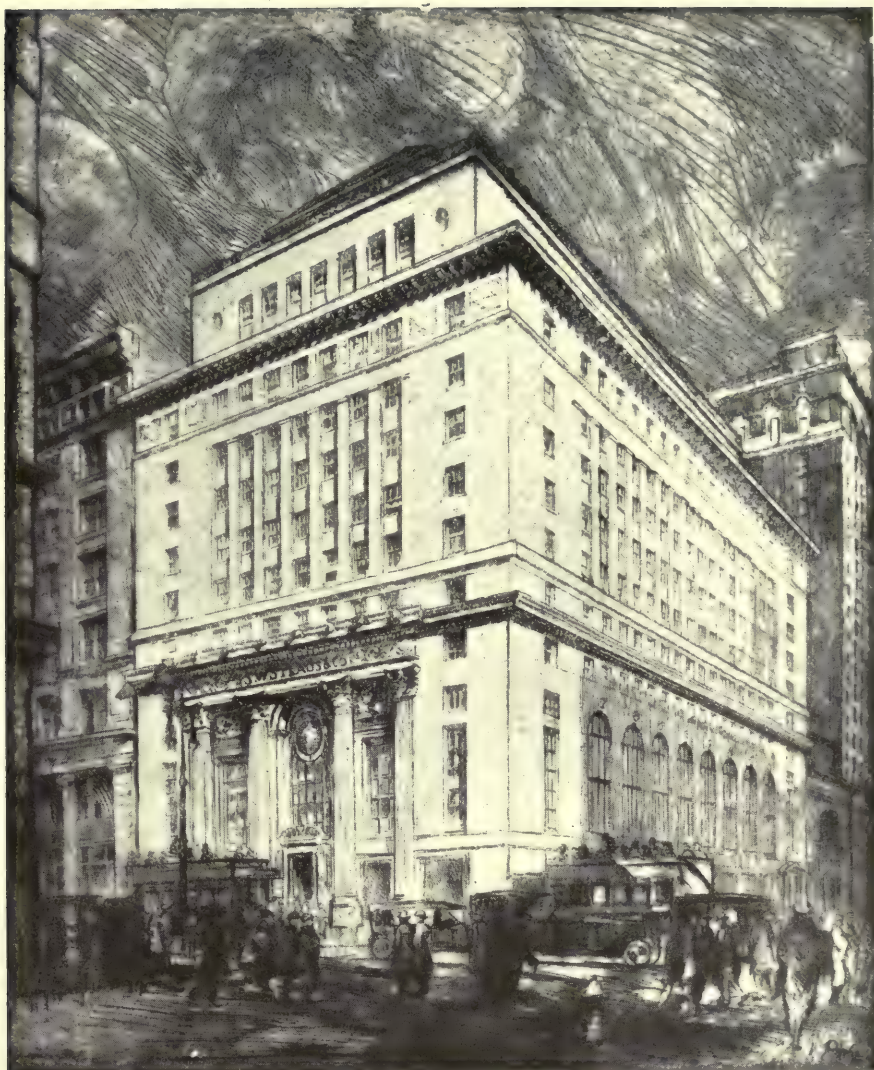
The portrait of the president, James Curtis McKinney, was painted for this position in the directors' room. This room is in the rear of the main banking room.



Walnut paneled directors' room



This view of the banking-room shows the safe deposit vault in the rear



New building of S. W. Straus & Co. at Fifth Avenue and Forty-sixth Street, New York

S. W. Straus & Co., New York

FORTY years ago, on the second day of January, 1882, Frederick W. Straus, an Indiana banker, opened up a small mortgage loan business in Chicago in the old Sherman House at the corner of Clark and Madison streets. This was the beginning of the business of S. W. Straus & Co.

Under the leadership of S. W. Straus,

eldest son of the founder, this business has steadily expanded until S. W. Straus & Co. is a national institution dealing in investment bonds, with offices in fifteen principal cities and with clients in every state in the Union and many foreign lands. In the two score years since this business was founded, the United States has experienced two wars and four financial panics. In all



Interior view, showing officers' section in the center

this time no investor has ever lost a dollar of principal or interest on any security purchased of S. W. Straus & Co. The Straus Building, New York, and the Straus Building, Chicago, occupying two of the principal corners in these cities, stand out as local landmarks.

FOUNDED BY FREDERICK W. STRAUS

When Frederick W. Straus founded this institution there was only one small office and one bookkeeper. The capital, while large for those days, was insignificant when measured by present-day standards; but there was behind him more than twelve years of experience in Indiana as a banker and mortgage loan expert, and the business was successful from the start.

The first principle on which he worked was to make no loans but good loans. The safety of the investors to whom were sold small mortgages was always the first consideration.

Mr. Straus was as energetic and am-

bitious as he was careful, and his business grew rapidly. He was unable to rent larger offices in the old Sherman House, and finally in 1886 the company moved to new offices at 164 (now 175) Washington street—an old building which is still standing. Shortly after this move his oldest son, S. W. Straus, now president of this company, entered the business. Two years later the company had outgrown the Washington street office and another move was made to 128 La Salle street, near the corner of Madison, where the Hotel La Salle stands today.

In 1895 the Chicago Stock Exchange Building was erected at the corner of Washington and La Salle streets and the company moved into a comfortable suite of offices in the new structure.

Frederick W. Straus died in February, 1898, and S. W. Straus succeeded him as the senior member. Two years later S. J. T. Straus, a brother of S. W. Straus, joined the company.

STRAUS PLAN INAUGURATED

The business originally was solely a mortgage business. Shortly after the death of the founder the plan was devised of splitting up a mortgage into a series of bonds which could thus be sold to many investors instead of to one, making the largest mortgages on the very highest grade of property available to investors generally. S. W. Straus & Co. were pioneers in this development.

The bond and the mortgage divisions of the business developed side by side. Eventually, owing to the great popularity which first mortgage real estate bonds gained, this became the more important branch of the business; and finally the handling of ordinary undivided mortgages was discontinued. A special system of safeguards, now widely known as the *Straus Plan* was developed, which became a settled policy of the company and which is applied to every bond issue they underwrite.

NEW YORK OFFICE OPENED

In 1905 the business was incorporated. Five years later the Straus Building at the northwest corner of Clark and Madison streets, Chicago, was acquired, and the company removed its headquarters there. This property is one of the most valuable in the city of Chicago, in the heart of the downtown business district, and on one of the busiest corners in the city. It was only natural that this move should give the company additional impetus. The business developed rapidly and in 1912 an office was opened in New York at 1 Wall street.

The opening of the business in New York was on a small scale. Only one floor of a rather small building was occupied, but, as in Chicago, the business grew.

In the spring of 1916 the New York office was moved to larger offices in the building at 150 Broadway, corner of Liberty street.

During the same period of time the Chicago office was steadily expanding until it occupied the greater part of the Chicago Straus Building.



Central staircase

BRANCH OFFICES THROUGHOUT THE COUNTRY

During the years following 1913, S. W. Straus & Co. opened many branch offices in order to give better service to clients in territories distant from New York and Chicago. The first of these was the Detroit branch, opened in 1914. Then in succession followed branches in Minneapolis, San Francisco, Boston, Philadelphia, Buffalo, Pittsburgh, Cleveland, Indianapolis, Los Angeles, Milwaukee, St. Louis, Rochester and Washington. In order to obtain for investors the best first mortgage real estate bond issues in the entire country, the field of lending was extended to practically all the principal cities in the United States, from coast to coast.

The company now has become a nationwide institution with offices in fifteen principal cities, having made thousands of loans amounted to hundreds of millions of dollars on properties located in nearly all of the larger and more prosperous cities of the United States.

In spite of the flourishing business which the eastern headquarters of the company was conducting at 150 Broadway, New York, it was felt that the business could be much further developed and be placed in a position to be of far greater service to its customers by moving to a location in the heart of the uptown financial district, in the neighborhood of Fifth avenue and Forty-second street.

NEW BUILDING ERECTED

Accordingly, the property on the northeast corner of Fifth avenue and Forty-sixth street, 180 by 100 feet, was acquired. The old Windsor Arcade

Building which had occupied this site for years was torn down and the new Straus Building erected. The speed with which this building operation was carried on aroused much comment. Destruction of the old building was commenced September 1, 1920, and exactly nine months later—June 1, 1921—S. W. Straus & Co. moved into its new quarters, convenient in location and planned on an ample scale to further the closest and most thoroughgoing investment service.

The new building has attracted general attention on account of its stately architectural design and its spacious interior.



Southern California Banks in Big Merger



J. F. SARTORI

President Security Trust and Savings Bank

IN what is perhaps the largest and most important merger of financial institutions in the history of the southwest, the Security Trust and Savings Bank and the Guaranty Trust and Savings Banks of Los Angeles, and the Long Beach Trust and Savings Bank of Long Beach, have joined forces, thus making Los Angeles county the home of a bank with resources of over \$150,000,000.

The enlarged institution has taken the name of its oldest and largest unit—Security Trust and Savings Bank—with the head office at Fifth and Spring streets, the quarters of the present Security Bank. The Guaranty Trust and Savings Bank at Seventh and Spring streets will continue to operate as a complete unit, rendering every departmental banking service, and will be known as the Guaranty office of the new institution. The Long Beach Trust and Savings Bank will be known as the Long Beach branch.

The new organization includes twelve complete banking units, completely covering the downtown finan-



MAURICE S. HELLMAN

Chairman of the board and vice-president Security Trust and Savings Bank



DR. M. N. AVERY

Vice-president and chairman of the executive committee Security Trust and Savings Bank

cial district of Los Angeles, Hollywood, Long Beach, Pasadena, San Pedro and Huntington Beach. Although separated into many distinct cities and towns, Los Angeles county is in reality bound geographically and economically into a single great community of practically a million people—the tenth largest center of population in the United States. This large and rapidly growing community will now be served by a bank adequate in size and organization to meet every need for industrial, agricultural and business development.

Joseph F. Sartori, who was one of the organizers of the Security Bank in 1889 and who has been the president since that time, will continue as president and general manager of the merged institution. Maurice S. Hellman, vice-president of the Security Trust and Savings Bank will be also chairman of the board of directors. Dr. M. N. Avery, one of the original organizers of the Guaranty Bank in 1890

and president for many years, is vice-president and chairman of the executive committee of the bank and manager of the Guaranty office. Vice-presidents Willis D. Longyear and Charles H. Toll, who have for many years been associated in the active management of the Security Trust and Savings Bank, will hold similar office in the higher councils of the greater bank. P. E. Hatch, who was one of the organizers of the Long Beach Trust and Savings Bank and through whose efforts to a large extent it has grown to be the largest bank in Long Beach, is a vice-president and also manager of the Long Beach branches. Mr. L. A. Boadway, formerly president of the National Bank and Trust Company of Pasadena which in October 1921 merged with the Guaranty Bank, was made a vice-president of the Security Bank and manager of the Pasadena branch.

The combination does not mean that any of the banks has in any sense



CHARLES H. TOLL

Vice-president Security Trust and Savings Bank



W. D. LONGYEAR

Vice-president Security Trust and Savings Bank

sold out to another, but under the provisions of a recent amendment to the California Bank Act, were merged with one another. The policy of the enlarged institution is to operate each of the twelve banks in the system as complete units, thus retaining the intimate touch with customers and patrons which has always been characteristic of the banks. Members of the former boards of directors of the merged institutions in the outlying districts are designated to act as a local advisory board in connection with making commercial loans. The board of directors of the enlarged bank itself was selected from the boards of all the merged banks. There are fifty-five members, all of whom are men who have had many years of experience in bank management or in developing business, industrial and agricultural interests in the southwest.

COMBINED RESOURCES WILL EXCEED \$150,000,000

The Security Trust and Savings Bank now has a combined capital and surplus of \$10,000,000, total resources in excess of \$150,000,000, and more than 200,000 depositors.

The institution has four banking offices in the downtown section of Los Angeles. The head office continues in the quarters of the Security Trust and Savings Bank at Fifth and Spring streets, which now occupies a large part of the Security building and the Security Bank building adjoining. The former Guaranty Trust and Savings Bank at Seventh and Spring streets is known as the Guaranty office. It occupies very large and commodious banking rooms, including the main floor, mezzanine and basement of the Union Oil building. The Security Bank has for many years had a branch at First and Spring streets,



P. E. HATCH

Vice-president Security Trust and Savings Bank
and manager Long Beach branches



L. A. BOARDWAY

Vice-president Security Trust and Savings Bank
and manager Pasadena branch

the Equitable branch, which is the leading banking institution in the north end of the business district. The Seventh street branch at the corner of Seventh and Grand avenue, was started in a new bank building over a year ago by the Security Bank and has become an important unit in the downtown shopping district.

In the Hollywood district the bank will have two branches. The present Hollywood branch at Hollywood boulevard and Cahuenga avenue is having a new Class A six-story building erected to house its large and growing business. A new branch will be installed very shortly at the corner of Vermont and Hollywood boulevard at the completion of a building being erected for that purpose.

Just prior to the announcement of the greater merger involving the Security, Guaranty and Long Beach banks, the Guaranty had taken over the National Bank and Trust Company of

Pasadena and the First National Bank of Huntington Beach. These two mergers have been completed and those banks are now units of the greater Security Bank. The Pasadena branch occupies a very beautiful and pretentious bank building in the heart of the business district in Pasadena. The Huntington Beach branch is a long established and leading bank in that district, which is now the center of very prosperous oil industries.

The Harbor branch of the Guaranty Bank, which has been established there for about three years, has just recently doubled the size of its quarters and is now serving the Los Angeles Harbor district as a branch of the Security.

The Long Beach Trust and Savings Bank, which has since its organization been the foremost financial institution in that rapidly growing city, had quite recently absorbed the National Bank of Long Beach. It has very fine quar-

ters for its main bank as well as two branches in Long Beach, which now serve that district as branches of the Security Bank.

THE ONE WHITE SPOT

The entire region covered by this system of banks—Los Angeles, Pasadena, Long Beach, Hollywood, Los Angeles Harbor and Huntington Beach—are inseparably bound together geographically, socially and economically. A net work of paved boulevards and interurban electric lines connect the entire district. The business interests are closely related, so that the new bank will remain distinctly a one-community bank.

This entire district has thus far felt none of the effects of the business depression which has hung over other sections of the United States for more than a year. Business has gone ahead at a greater rate than ever before. Bank clearings, building permits and other indications of prosperity and progress have exceeded during the past few months all previous records of this district. The business conditions chart of the United States Chamber of Commerce published in the *Nation's Business*, has shown this district for more than a year to be the one white spot in the country.

GREATER BANK IN ENVIABLE POSITION

Because of the large number of people who go to southern California either to spend a few months or to establish

themselves there, banks in all parts of the country are called upon for letters of introduction to southern California banks. With the new Security system of banks covering the principal points in the district to which most of these travelers go, it is now possible for a bank to give a single letter of introduction to the Security Bank which will be of service regardless of where the visitor locates.

The banks included in the merger have been leaders in the policy of extraordinary courtesies to the visiting public. They have maintained information bureaus to supply directions as to any location, resort or route. They distribute free road maps and city maps, informative booklets and folders. In the Security Trust and Savings Bank a special feature has been made of the department of research and service. This is in charge of a vice-president, and the work is carried on by a corps of men specially educated and experienced in research work. A large statistical and reference library is maintained in connection.

The eastern banker who refers a customer coming to Los Angeles to the Security Trust and Savings Bank will be sending him to the largest bank in the territory—a bank which covers all the principal locations, and also an institution which is prepared to help the newcomer with reliable information, not only for his pleasure trips, but upon any line of business which he may contemplate entering.



Helping Banks to Conserve Credit

AN organization has recently been incorporated in New York for the purpose of rendering a special service to banks of a rather unique character. The name of this corporation is Bankers Equity, Incorporated. George W. Herron, president, explains that his organization "supplements the banker by placing at his

erate as a rule under the disability of lack of knowledge of the operating end of industrial, mercantile and other ventures. They are bankers rather than managers. The latter operate with the handicap of a too highly specialized training and therefore do not have the breadth of vision necessary to cover all phases of business. They are engineers rather than managers."

Mr. Herron believes that he has surrounded himself with a staff of experts capable of handling all problems of industrial management, including reorganization, liquidation, receivership, salvage, investigation, auditing, merger plans, budgeting, adjusting, appraisal, research and development. Following is an example of how this service is rendered:

Suppose that the X Y Z Bank has been financing the Blank Manufacturing Corporation and has reason to believe that its equity is impaired through faulty management methods on the part of the latter's officers. The bank calls in the Bankers Equity and asks them to make a comprehensive investigation and report. After the experts of the Bankers Equity have made a thorough study of the Blank Corporation's business they submit a report to the bank either recommending foreclosure, or, if they think that the business is capable of being preserved and put on a paying basis, they will recommend that they take over the management for a certain period. If the latter recommendation is adopted they will assume the entire management until such time as the business is placed on a proper basis and is once again a paying proposition. Of course there are many other ways in which this organization can be of service to banks. The above is only a typical example of one transaction.

George W. Herron, president of the Bankers Equity, Incorporated, is a graduate of the Case School of Applied Science. His experience in the business world covers well over eleven years during which he has served as foreman,



GEORGE W. HERRON
President Bankers Equity, Inc.

service experts in each particular phase of business which the specific case requires." Mr. Herron has felt for some time that there exists a real need for a service that will help the banker to protect his equity in certain businesses which he is financing and which for one reason or another require expert diagnosis and in many cases drastic remedies. In such emergencies, financial men are generally dependent upon their own staff or upon industrial engineers. "The former," says Mr. Herron, "op-



F. G. TIMPERLEY

Vice-president Bankers Equity, Inc.



ERNEST R. KEITER

Secretary and treasurer, Bankers Equity, Inc.

production clerk, schedule manager, production manager, salesman, district sales manager, assistant to vice-president and general manager and acting general manager. He has had experience with two rubber companies, two mercantile establishments, three light manufacturing companies and one national distribution house.

F. G. Timperley, is a graduate of Yale University. He has had experience in the following industries: glass, silver, paper products, metal products, motors, clothing and dress, needletrades and rubber. He has made a specialty of personnel work.

Thomas Quigley, manager of the mercantile department, was for over twenty years connected with the Associated Dry Goods Company of New York which operates the largest chain of large department stores in the United States including Lord & Taylor, James McCreery's, C. C. Gunther's Sons, New York, Hohue and Company, Newark, N. J., Stewart and Company,

Baltimore, J. N. Adams, William Hanger, Buffalo and others. He has had a thorough training in every phase of the operation of a mercantile business, large or small and is thoroughly experienced in buying and selling every kind of merchandise.

C. S. Meikle, research engineer, has had fifteen years' experience in electrical, civil and general engineering research work, making him fitted for the handling of any research or development problems where a high degree of technical or analytical skill is required.

William A. Markert, another member of the staff, is an expert in the appraisalment of executives from the standpoint of ability and integrity. L. O. Pethick, another member, is an expert on labor problems.

Surrounded by men with the experience such as those just described, Mr. Herron feels that his organization is equipped to cope intelligently and effectively with all problems of management.

Annual Report on the Finances

Secretary Mellon's Views on Taxation and Revenue

FROM the point of view of the Treasury the past year has been marked by important developments. It has been, first of all, a period of pronounced economy and retrenchment in Government expenditure. The war brought with it a new scale of expenditure, and for some time time after actual hostilities ceased the Treasury had heavy obligations to meet on account of the war. Expenditures in the fiscal year ended June 30, 1920, amounted to almost \$6,500,000,000, while for the fiscal year ended June 30, 1921, ordinary expenditures, including sinking fund and miscellaneous fixed-debt charges, still ran over \$5,500,000,000. This cash outgo it has been the constant endeavor of the administration to reduce, and it now expects to hold expenditures on the same basis for the fiscal year 1922 down to \$4,000,000,000, or thereabouts, a reduction of about \$1,500,000,000 below the year 1921. In some measure this reduction reflects the liquidation of war liabilities, but to an important extent it represents a reduction in the cost of Government. From either aspect it means a reduction in the tax burden. On June 10, 1921, the act to create a budget system became a law, and by the end of the fiscal year 1921 the Bureau of the Budget was organized and established. It has already proved to be a most effective arm of the Executive to enforce the determination to bring about a reduction in Government expenditures. Through the Bureau of the Budget and the heads of the several departments and establishments it has been possible to exert continued pressure for economies in administration, and by this means as well as through the co-ordination of Government activities under the general supervision of the Bureau of the Budget important savings have been accomplished. For the first time in its history the Government has an agency equipped to put pressure upon the spending offices to reduce expenditures, and the results already accomplished constitute one of the most encouraging developments of the year.

Another effective force which has made for continued reduction in Government expenditures has been the shrinkage in current revenues, coupled with the necessity of a thoroughgoing revision of the internal-tax laws so as to reduce the burden of taxation on the community. At the outset it appeared from the estimates that additional

taxes might be necessary to supply deficiencies in the revenues unless there were striking cuts in expenditure. The determined efforts for economy, however, have resulted in cutting expenditures for the current fiscal year over \$400,000,000 below the amount originally estimated to be necessary by the spending departments, and this in turn has made it possible to proceed with the revision of internal taxes on the basis of a substantial cut in revenues. The result is that the revenue act of 1921, approved November 23, 1921, has made a substantial reduction in the tax burden, running over \$800,000,000 for the fiscal year 1923, as compared with the old law, and at the same time has provided for the repeal or reduction of several of the most vexatious and burdensome taxes and for the simplification of the taxes that remain in force.

The maturity within the next eighteen months of almost \$6,750,000,000 of short-dated debt still dominates the situation, however, and makes it imperative that the Government pursue a policy of the utmost economy and avoid new undertakings that would throw additional burdens on the Treasury and embarrass the refunding operations. The 1918 series of war-savings certificates matures on January 1, 1923, and the Victory Liberty loan on May 20, 1923. Treasury certificates of various series, aggregating about \$2,300,000,000, will also mature within the year. The greater part of this debt will have to be refunded, and the orderly conduct of the refunding operations will require the Treasury's best attention for some time to come.

TAXATION AND REVENUE

The sudden and great increase in the governmental expenditures, due to the World War, made it necessary that the revenues raised by taxation should be increased as quickly and to as great an extent as possible, and the methods adopted for this purpose were necessarily of an emergency character. Now that the war has ended and sufficient time has elapsed to enable us to forecast with reasonable accuracy the probable needs of the Government in the way of revenue for some years to come, it is of primary importance that careful consideration be given to the permanent methods of taxation to be adopted, so that our revenue needs may be met with as little inter-

ference as possible with the prosperity and the well-being of the people of the whole country.

As already shown much has been accomplished in the passage of the revenue act of 1921, but our system of taxation still requires careful and thoughtful consideration.

In order that we may realize the great change which has taken place due to the World War, it is well to contrast the revenues and the total ordinary disbursements of the Government before the war with the revenues and disbursements since the war.

Considering first the sources from which in the past the revenues of the Government have come, we find that, prior to the Civil War, the ordinary receipts were derived almost entirely from customs, supplemented by small miscellaneous revenues. The increased expenditures caused by the Civil War led to the imposition of internal revenue taxes, principally upon liquors, tobacco, incomes, and certain manufactures and products, with the result that in the year 1866, which marks the highest point of taxation during the Civil War period, the total ordinary receipts were \$557,000,000, of which \$179,000,000 was customs receipts and \$378,000,000 internal-revenue and miscellaneous receipts.

From 1867 on, for many years, internal-revenue receipts showed a steady decline, and the Government came again to depend for its revenues principally upon customs receipts. Beginning with the year 1894, the ordinary receipts were divided, speaking in a very general way, pretty nearly equally as between customs and internal-revenue receipts; and this continued up until 1911, when the revenues from the excise tax on corporations, under the act of 1909, definitely put the receipts from internal revenue slightly ahead of the receipts from customs, the figures for that year being \$314,000,000 customs receipts and \$322,000,000 internal-revenue receipts.

We must, therefore, face the fact that the ordinary disbursements of the Government, by reason of the war, increased from approximately \$700,000,000 per year for the prewar years to over \$6,000,000,000 for the year 1920, and while we have been able to reduce the expenditures for the fiscal year 1923, as now estimated, to approximately \$3,500,000,000, for many years to come Government expenditures must continue at an extraordinarily high rate. The increase in population, the enlargement of Government functions, the addition of new agencies, the interest on the public debt, and the expenditures indispensable in connection with the disabled veterans of the war make it mani-

fest that the ordinary expenses of the Government for some years to come will probably be several times those for prewar years. It is, then, of vital importance that adjustments be made in our scheme of taxation whereby the burden will not fall unduly, either directly or indirectly, upon any particular class, and at the same time will not seriously interfere with productive industry and the general prosperity of the country.

The people of the country should be aroused to the importance of giving serious consideration to this problem, for it is only as they come to understand the real need of the taxes they are called upon to pay, and the evil effects of unwise taxation—of any attempt to impose an undue burden upon any class—that real progress can be made toward a well balanced and equitable system of taxation.

The matter is of exceptional importance at this time. In the past year we have suffered an industrial and business depression that has affected every class of our people and reached into every part of the country. How far-reaching the consequences may be, no one can as yet safely predict. Unemployment in all classes has been very great. If these conditions continue, our present burden of taxation must seriously increase the troubles of our people. The hardship and suffering resulting from business depression and unemployment inevitably fall most severely not upon those paying high income taxes, but upon the great body of the people of small incomes. Under our form of government there is, and very rightly so, little danger of any undue burden from the taxes imposed directly upon those of small means, but there is danger of serious hardship and suffering to them because of high prices, unemployment, and high living costs resulting from unjust or unwise tax laws. Our very best thought, therefore, should be directed to seeing that our system of taxation shall interfere to the least possible extent with the return of the country at least to such normal conditions and reasonable business activity as will prevent hardship to those least able to bear it.

There are certain features of our present taxation to which attention should be directed: principally the high surtaxes, the taxation of business profits and the estate taxes.

SURTAXES

The usual argument in favor of high surtaxes is that taxation should be according to "ability to pay." The theory of taxation according to "ability to pay," like all other general statements, has its limitations

and its qualifications. In the first place, the tax must be productive, otherwise the whole purpose of the tax is lost. Again, it must not be unreasonable or oppressive, for in that case it will be avoided or evaded and thereby cease to be productive. Again, the tax must not be one the result of which is to interfere with productive industry; it must not dry up the very source out of which revenue is expected to come. If it does, not only will the tax cease to be productive but it will also result in lessened production, unemployment, arrest of the country's growth and serious injury to the people least able to bear these consequences.

That the higher surtax rates are rapidly ceasing to be productive of revenue is apparent from a study of the statistics published by the Bureau of Internal Revenue. That these taxes are being evaded or avoided, no one of any experience doubts. It is usual to put the blame for this upon the so-called tax-exempt securities. There is no doubt that a large and steadily increasing amount of money formerly invested in productive industry is now going into tax-exempt securities. Investors having incomes falling within many of the higher brackets have found it no longer profitable to continue to place their money in the same class of business and investments as heretofore, and tax-exempt securities afford a ready method of obtaining an assured income without the risk incident to investment in productive industry. There is no use discussing whether the exemption of state and municipal securities from Federal taxation is wise or unwise, for it is inherent in our system of government and the remedy must be found in a constitutional amendment which good faith requires should be applicable only to future issues of such securities.

The amount of such tax-exempt securities now outstanding is estimated by the Treasury at approximately \$10,000,000,000. The exact figures seem difficult to ascertain and much higher estimates are made. The amount of new securities of this character issued during the first eight months of the present year is said to be \$800,000,000. Of the total amount of tax-exempt securities now outstanding, approximately \$2,500,000,000 have been issued by the United States, or under its authority, including such securities as Federal farm-loan bonds.

While tax-exempt securities afford an easy means to a large class of investors of avoiding payment of the high surtax rates, they constitute only one of many ways that can be and are availed of to avoid such taxation. Experience teaches us that means

of avoiding taxes which are regarded as excessive or unreasonable will always be found, and it would be useless to attempt to catalogue them, for new methods will constantly be developed as long as the tax rates continue so high that persons having money for investment find it unprofitable to continue their investments in productive industry.

There are, however, other results flowing directly from these high rates of taxation which are still more serious in their consequences to the people of the country.

The tremendous development of the resources and of the industries of our country, resulting in our present wealth, has been brought about within a comparatively brief period of time, measured in the life of nations, and has been primarily due to three things: (1) The industry of our people and the opportunity and incentive afforded to everyone, whatever his place, to acquire in a greater or less degree some share or portion for himself of that which we call wealth; (2) the steady accumulation of capital resulting from the industry and thrift of our people, whereby productive industry in every line on a constantly expanding scale was made possible; (3) the very moderate Federal taxation, whereby the free flow of capital, wherever it was needed, and freedom of legitimate commercial transactions was not interfered with, the natural laws of trade being allowed full play.

The result has been a prosperity general throughout the whole people of the country, and unexampled elsewhere. We have a standard of living higher than that prevailing in any other country, and are proud to speak of ourselves as the wealthiest nation in the world.

Does anyone believe that if our policy in the past as respects taxation had been for the Government to take away from successful effort one-third, one-half, or three-fourths of the gains resulting therefrom we would have accumulated the wealth which we now possess, or have achieved our present position? Does anyone believe for a moment that without this wealth when drawn into the World War we could have so quickly put forth the marvelous strength which we did and thereby have enabled the bringing of the war to a speedy and successful conclusion? Notwithstanding the tremendous depression now existing in all business and industry, our people look forward with absolute faith to the future, confident that these conditions are but temporary, and it is the strength resulting from

our accumulated wealth which gives us this confidence.

In the past we were proud of the opportunities enjoyed by our people because we were free from high taxation, as compared with the peoples of Europe, who, even before the war, were struggling under a burden of taxation which in our wildest fancy it never occurred to us that we would approach.

THE DESTRUCTION OF INCENTIVE

Another serious effect of these high tax rates is, the destruction of incentive—the drying up of the activities of individuals in trade operations—with consequent lessening of business transactions, the slowing down of production, and ultimately a loss of revenue to the Government.

There is not much incentive to men to take risks in any line of industry when all the risk must be borne by the individual, and, if ultimately success comes, a large part of the gain is taken away by the Government in taxes.

In business life, success and profit are not always the result of individual effort; in many cases the result is loss. All great success—especially in new productive enterprise—when ultimately gained, is most frequently built upon many previous failures and comes only after a considerable period of time during which there was no profit. So that, when success comes, the profit or gain to be real must be such as to compensate for these previous failures and losses, and without this incentive there is no inducement to anyone to incur the risks involved. Then, too, in productive enterprise, the merchant, the manufacturer, the farmer, profits vary from year to year, and periods of lean years follow good years. High taxation which seizes upon gains as quickly as realized, taking a large part thereof, and making no allowance for the previous failures and losses which have had to be endured before success came, or for lean years, is utterly destructive of individual incentive.

In speaking of individual incentive, it should be clearly understood that reference is not made only to individuals of large incomes. On the contrary, reward for successful effort must be held out to those of moderate incomes, because it is upon the younger men of strength and courage and vision that a great deal of the burden must fall in the way of initiating and carrying on the productive industries of the country. Large incomes, and the individuals receiving them, play a very important part, but

only a part, in the whole general scheme of maintaining and carrying forward the productive industries upon which the prosperity of the country depends. Successful taxation after all rests upon a prosperous people, not any one class, but the people as a whole.

THE NEED FOR NEW CAPITAL

There are three things which may be noticed as bringing immediately to mind how essential new capital is in order that the country may be prosperous.

1. We have a steadily increasing population, and that means an increased need of everything that enters into human consumption.

2. Our standard of living steadily rises. This is no new thing; it seems always to have been true of every people of whom we know. The luxury of today is soon a necessity. To provide for these added needs requires more capital.

3. The waste and loss which goes on all the time must be made good. There is the destruction of property by fire and other casualty. Buildings, machinery, houses, furniture, everything that man makes for his own use, wear out and disappear. Year by year this amounts to a vast sum and must constantly be made good, otherwise the world goes backward.

The accumulation of this necessary additional capital from year to year can come about only through the savings of the people, and the amount which any individual can save and add to the capital of the Nation, of course, increases progressively with the amount of his income. The larger the income the larger the possibility of saving, because of the larger margin over reasonable living expenditures.

When it is sought to justify very high surtaxes on the ground of ability to pay the tax, we should remember that ability to pay the tax also means ability to save and to add to the needed capital of the country, so that the theory of ability to pay, when carried to such limits, destroys the ability to save, and thereby diminishes the capital available for productive industry.

The nation has no wealth other than that owned by its citizens. All productive wealth is owned by individuals and managed by them. So, when we speak of the wealth of the country, we are in fact referring to the aggregate wealth of the people of the country. The amount held by each individual does vary, but the statement is true from the smallest amount in a child's savings bank to the largest fortune.

The idea seems prevalent that in taxing

large incomes, only the person receiving the income, and who is to pay the tax, is really concerned. This is a mistake. For whatever the Government takes, in the way of tax, out of any income, which would otherwise be saved and invested, and thereby becomes a part of the capital and of the wealth of the nation, affects not so much the individual from whom it is taken as it does the whole people of the country, in the direct loss of productive capital. So that in considering the effect of high taxes upon incomes, particularly on very large incomes, it is not so much a question of the effect on the individual who is called upon to pay the tax as it is the effect upon the whole community. The man receiving a large income may not himself suffer any hardship because a great part of it is seized and taken for taxes, but the effect upon the community—upon the people of the whole country—is serious indeed. After all, the wealth of the country, upon which all the activities and the prosperity of our people depends, is made up of the private property of the individual citizens—of all the people—and anything that unnecessarily takes away from this accumulated property necessarily injuriously affects the people as a whole.

THE DIVERSION OF CAPITAL

It must be perfectly clear to anyone who gives serious thought to the subject that the theory that high income taxes put the burden of taxation on the rich and relieve the poor is a fallacy. Take as an illustration the present housing situation. The capital for building operations has come from people having incomes large enough to provide a surplus for investment. Real estate mortgages were always considered a sound investment for this class, and capital usually was available at a moderate rate of interest. Since the policy of high surtaxes this class of loans has largely disappeared. The investors who formerly put their money in such loans now find it more profitable to go elsewhere. The result is that capital has been diverted from building operations, there has been a great shortage of houses, rents have enormously increased, and people of small or moderate means living in rented houses have been compelled to pay greatly increased rents, so that in the end the burden has fallen upon the very class sought to be relieved. Of course, it is not meant that the whole blame for this situation rests upon the diversion of capital due to high income taxes. Other factors contributed. But after making al-

lowance for these the fact remains that a very substantial part of the difficulty has been brought about by the diversion of capital into other channels, and the situation is mentioned only to bring home in a specific way how directly the diversion of capital affects the people of small incomes.

The consequence of this diversion of capital is at once greatly to increase interest rates upon the capital which productive industry is able to obtain, and this in time means lessened production and increased costs. The less capital there is available the greater the struggle to get it and the higher the price paid therefor, which means, of course, increased cost of production. At the same time the less capital there is available the more production is prevented or diminished, and lessened production in itself means increased cost.

While everything that increases the cost of production naturally and inevitably increases the cost to the consumer, yet it does not seem reasonable to believe that all taxes are necessarily passed to the consumer in the form of increased prices, for naturally there comes a place where the price is such that the consumer can no longer afford to buy, or must buy less, and in the end both the producer and the consumer share in the disastrous consequences of such taxation.

The point now emphasized is that the evil effects of high surtaxes fall not upon the individual whose income is seized and taken, but ultimately almost entirely upon the mass of the people who are thereby deprived of the benefits which would result from the free flow of commercial transactions and the use of the additional capital which would be available for productive enterprise.

FREEDOM OF BUSINESS TRANSACTIONS ESSENTIAL

The revenue to be obtained by the Government from this class of taxes depends upon transactions in trade and commerce which bring about income available for payment of taxes. It is highly desirable, in the interest of the production of revenue, that the volume of business transactions giving rise to gain shall be as great as possible, and to this end it is essential that the natural laws of trade and commerce and the free flow of business shall not be interfered with or prevented.

But the direct effect of these very high taxes is to hinder and prevent business transactions which would otherwise take place. A man may have property which he has held for years and which has greatly

increased in value, and he would like to sell it, but if he does a large part of the gain would have to be paid out in taxes. He would rather keep the property than sell it, pay the tax, and invest what is left in something else. At the same time the party desiring to buy this property, if he obtained it, would improve it with buildings. What is the result? The transaction does not take place, and the community loses the advantage which would come in the stimulation that would arise from the transactions resulting from the buyer's improvement of the property, and it also loses the advantage of the seller's putting his money into some other form of investment, which in turn would give rise to business transactions. The same thing on a much greater scale is true in manufacturing and mercantile lines. Men have built up enterprises to the point where they are highly successful. They would like to take their profit and turn the business over to younger men to carry on. These transactions are highly desirable not only for the parties but for the community, yet they are absolutely stopped, because if made the seller would have to pay in one year a tax on a gain which has been the result of perhaps the better part of a lifetime of effort. And in all such cases the Government gets no tax, whereas if the rates were reasonable the transactions would take place and the Government's revenues would benefit accordingly.

The free interchange of property in business transactions is essential to the normal prosperity of the country, and each such transaction has a direct tendency to bring about others of like character with the result of increasing the amount of gain or income available for taxation; but when the tax is so high as to act as a deterrent against usual and desirable business transactions, and the volume of such transactions is thereby lessened, the inevitable result is for the tax to become less and less productive.

It is for these reasons that, particularly in the higher brackets, a lower tax rate will produce more revenue in the long run than excessive rates. So long as the high rate stands in the way of accomplishing bargains and sales, the Government receives no tax; but at a lower rate the transactions proceed and the Government shares in the profits.

BUSINESS PROFITS

The revenue act of 1921 has repealed the excess-profits tax law, effective December 31, 1921. While this law was justified as a war measure, its continuance in time of peace,

and particularly under present conditions, would have been indefensible. During the war period, when every line of industry was running at full capacity and prices and profits were highly inflated, the act served to produce a large revenue for the Government and its inequalities were not so much felt by the taxpayers. Its burdens, however, fell very unequally upon the business interests of the country. The higher rates of tax were imposed, generally speaking, upon the small or moderate-sized corporations rather than upon the large ones. Owing to the difficulty of determining the capital actually used to carry on any industry, it was impossible to apply the act without very great hardship in many cases. The administration of the act also was extremely difficult, and the department even yet has not been able to dispose of all the cases arising under the law for the year 1917, the first year of its operation.

The repeal of the excess-profits tax has made necessary a very considerable increase in the flat tax on net corporate income, the rate under the new law being twelve and one-half per cent. In addition there is capital-stock tax, which amounts, roughly speaking, to about two per cent. of the net income. This makes a total tax equivalent to nearly fifteen per cent. on corporate net income; and when we remember that the great bulk of the business of the country, both large and small, is carried on under corporate form and that the net income must largely be distributed in dividends, and that these dividends are then in turn subject to surtax in the hands of persons receiving them, it is at once seen that the resulting taxation to persons engaged in productive business is very heavy. For instance, a stockholder subject to surtax at ten per cent. really pays about twenty-five per cent., fifteen per cent. through the corporation and ten per cent. as surtax on his dividends; while a stockholder subject to fifty per cent. surtax would be taxed about sixty-five per cent. on such profits.

ESTATE TAX

Much of what has been said respecting the high surtaxes applies equally to the high rates of taxation upon estates. The continuance in time of peace of the very high estate taxes imposed during the emergency of war should receive serious consideration.

There are two chief objections to the present high rates, running as they do up to twenty-five per cent. of the net amount of the estate, which should be emphasized.

The first is that taxes at such rates, which seize upon and take away so much of the

capital of the country, are fundamentally wrong. The Nation, just as the individual, should not use up its capital in payment of its ordinary expenses. The money which is taken by way of such taxes is, to a large extent, the capital which is in use and necessary in carrying on the business of the country, and just to the extent that the Government seizes upon and takes this capital for its own income its loss must be made good out of the thrift and savings of the people of the country.

The more serious difficulty, however, in this respect is with the high rates. Where the rates are moderate and thereby are widely spread and take but a moderate amount of capital from each estate, their effect is not so great; but when the rate is high and falls heavily in a few places, and the amount of capital seized and taken away from certain lines of industry, or certain particular industries, is large, the evil effects are very harmful.

In the second place, there is the destructive effect upon values. If all the wealth of an estate consisted of money, the evil results of such taxes would be much less. But the wealth of estates does not consist of money, nor, in fact, in most cases, of property readily convertible into money. An estate consisting principally of Government bonds or municipal securities is of less real value to the community than is the estate that is invested in property in any line of productive industry giving useful employment to large numbers of people. And yet, the estate invested in tax-free securities would be much less affected by the tax than the estate invested in real estate, in manufacturing plants, in merchandising, in farming, or in any line of productive industry.

Again, when a man actively engaged in business dies, leaving an estate of considerable size, his family is called upon to provide for the payment not merely of the Federal estate tax, but, in many cases, an inheritance tax to the state in which he lived. There is also frequently a tax to be paid to the state where some part of the property is located, and often a tax must be paid upon the value of shares of stock to the state where the company is incorporated. So that, there may be as many as four different taxes to be paid upon the same property. In addition, there is usually a greater or less amount of indebtedness existing which must be met. These obligations can be met only by payment in money. The state can not take its property and simply divide it up, giving to the Nation, to the state, and to the creditors a proportionate share of the actual property. Those ulti-

mately entitled to share in the distribution may take their portions in property, but, before that can be done, actual cash must be found for the payment of the taxes and the debts; and the larger these are in proportion to the amount of the estate, the more difficult the task becomes.

In the ordinary course of business, there is just a certain amount of property that changes hands from year to year. There is a market for a certain amount and no more. The extent of this market, that is, the buyers who are willing to buy at fair prices, is dependent largely upon the amount and character of the property coming upon the market. There may be a ready market at a reasonable price for a limited amount of the shares of an industrial company, or for a medium-size manufacturing property, or for residence or business property of moderate price. But the larger the amount of property that must be sold, the more difficult it becomes to find buyers for it; and if the sellers are under some absolute need to sell, as is the case where the money must be provided within a limited time to pay taxes and debts, then just that much less ready and willing are bidders to buy, and just so much greater is the sacrifice that the sellers must make in order to obtain cash. The same thing is seen constantly in the commercial world. If a large amount of any of the staple commodities, even such as cotton, wheat, or any article of consumption, is suddenly pressed upon the market, and the holder's needs force him to sell, there is an immediate and great decline in the price which he is able to obtain. What is true of articles of daily consumption is very much more true as respects investments in property, such as largely makes up the estates called upon to pay these taxes.

It has become notorious in recent years, whenever a man of means dies, leaving his estate obligated to pay a large amount by way of taxes or debts, or both, that there is an immediate decline in all classes of securities in which he is known to be interested. And when, under these conditions, the estate is required to make a sale of its property, of whatever class it may be, there is not merely a large loss to the estate—a large shrinkage in the value of the property below its real worth—but there is also a loss inflicted upon everyone else who is interested in these properties, especially if at the same time they desire to, or must, sell.

The extent of the shrinkage of values and the losses caused by the forced liquidation of many estates is not generally realized, for the present high rates have been in existence but a short time and their evil effects, which

will naturally increase if these rates continue, are only gradually coming to be recognized.

The effect of this breaking down of values tends directly toward making the tax less productive of revenue, and the longer these rates continue with the successive coming upon the market of estates, the more their effect will be felt in the revenues, for each forced liquidation tends to make a new and lower value upon which all taxes must be based.

A large part of the revenue now derived from the estate tax comes from the more moderate rates. Taxation which is destructive of that basis of value on which all taxes rest is neither logical nor wise in principle, and in any revision of our tax laws serious attention should be given to this subject.

THE REMEDY

It would not seem either wise or necessary suddenly to change from our present system of taxation to new and untried plans; and the evils which have been discussed can be corrected without doing anything of this sort. The necessary adjustments can readily be made by retaining most of the present taxes, but substantially reducing the rates, and supplementing the revenues by some additional taxes.

The income tax is firmly embedded in our system of taxation and the objections made are not to the principle of the tax but only to the excessively high rates. We hear much of the need of simplifying our tax laws and there is room for this. The greatest simplification that can be made is in the reduction of the rates. So long as the rates were low, there was not much difficulty in the administration of the law, even though the system was entirely new and the organization administering it unfamiliar with the operation of such a law. The complexity of the law, so far as concerns the income tax itself, has arisen largely out of the high rates which make every point that arises involve substantial amounts of money, and which means that each possible question is contested by the taxpayer and by the Government, with resulting delay in the collection of the revenue, irritation and annoyance and expense on the part of the taxpayer, and costly

litigation. With moderate rates, very much of this difficulty would disappear.

The amount of revenue involved in any such reform is not nearly so great as is generally supposed.

To reduce the surtax rates to a maximum of twenty-five per cent., and grading the reductions through all the brackets, would mean an apparent loss of about \$130,000,000 in revenue. A twenty per cent. maximum rate on the same basis would involve a revenue loss of about \$200,000,000. Other adjustments which should be made would probably involve an amount equal to that made in the surtax rates. This loss of revenue, however, would not be permanent, for the reduced rates would ultimately be productive of more revenue than higher rates, due to the increase in taxable transactions.

If this loss of revenue could not be met by rigid economy in expenditures, the revenue required could be raised either by placing a tax on certain specific articles, or by a low-rate general tax on a broad class of articles or transactions. Such taxes as those now imposed on automobiles and tires have been found simple and inexpensive of administration, and the collection is always substantially current; they have been steadily productive of revenue, and have been without injurious effects upon the country. In view of past experience, a general tax either of this or like character upon a broad class of articles or transactions could be readily administered; and the rate could be made sufficiently low as not to bear unduly upon any class and at the same time produce a large amount of additional revenue. By retaining the income tax with reasonable surtax rates, which in peace times ultimately should not rise above ten per cent., taxpayers would still be required to contribute in proportion to their ability to pay; while by placing a certain amount of tax on specific articles, or classes of articles, or transactions, at so low a rate that they could readily be borne without injury, the income tax could be materially simplified, the tax laws could be more readily administered, and at the same time the needed revenues would be raised without the evil effects now resulting from the present excessive rates of taxation.



The Training of a Bank's Staff

THE Journal of the Institute of Bankers of London publishes in a recent number a very interesting article entitled "The Organization and Training of the Staff of a Large Bank." This article was contributed by J. G. Holt, and received the first prize awarded at the annual general meeting of the Institute of Bankers on May 18, 1921.

In speaking of the value of the training afforded by the Institute of Bankers, Mr. Holt says:

Important as the training provided by the examinations of the Institute of Bankers has been, however, in affording a definite educational scheme, it is to be regretted that they have not been undertaken to a wider extent. Probably less than ten per cent. of the total bank staffs of England and Wales possess the certificate of the institute, a proportion which, although not verified by official statistics, is likely to overstate the case than to understate it. The total number of clerks who have taken definite steps to qualify themselves by this means, is thus alarmingly small, and the reason is not hard to seek. Either the situation arises out of indifference and lack of foresight on the part of the clerks or from the absence of sufficient interest and encouragement on the part of the banks. With regard to the members of the bank staffs, it can be said at once that, as a whole, they compare very favorably with any body of men engaged in commercial pursuits, in point of intelligence, general education and native ability. There are of course, many differing types composing the whole, but it cannot be said that approximately ninety per cent. lack vision and ambition. The real reason why so many fail to submit themselves to examination is just the feeling that it is not worth while, that it appears to make so little difference to their prospects of promotion whether the examinations are passed or not. The small sum allowed by most banks towards expenses probably affects the decisions of very few, the great thought is "is it worth it?" Most men appear to consider that it is not, and this to the ordinary member of the rank and file certainly seems reasonable. When a man obtains the certificate of the institute, after he has received his gratuity from the bank, the matter ends apparently, as nothing further is heard about it. When questions of promotion are being considered, theoretical qualifications appear to carry little or no weight and appointments are made without reference to this important matter. It is therefore of small wonder that even farseeing and ambitious men do not

care to subject themselves to a discipline, the fruits of which are apparently so meagre. This state of affairs is neither good for the staff nor for the bank, and in the interests of both some arrangement should be arrived at that will put a premium on theoretical knowledge and make it a necessary preliminary to advancement. The lead of one of the greatest banks should be followed in recognizing this important fact, and additional salary and seniority granted to all who pass the examinations of the institute. Further, while the older men could not be expected to commence studying for examinations, the younger men of say, under fifteen years' service, might be informed that the possession of the certificate of the institute would be considered an asset, if not a necessity, to a candidate for promotion. Such a pronouncement would have the effect of clearly defining the position and of pointing the way to the laggard, who hitherto had not been able to frame a policy for himself in the development of his career; especially towards the acquisition of knowledge of the higher branches of his profession.

The author of this essay places a high value upon supplementing actual experience in a bank by a course of study. On this point he says:

It is, however, the knowledge obtained over and above the ordinary routine work of the office that is really valuable, so for this reason little can be hoped for until a man has been in the employ of a bank for about five years. After that time the benefit of some acquaintance with banking and kindred subjects and laws governing their operations becomes apparent. If no knowledge of banking laws is possessed, experience, instead of confirming all the man has learned and of expanding his mind, conveys little of the reasons which make different operations necessary. Thus lack of theoretical knowledge tends to make a man mechanical in his work, from sheer inability to appreciate its true significance and from the resultant monotony that must inevitably be produced by the performance of work that is not understood. Yet obstacles can generally be overcome by determination, and the man who has not been a student continually since his entry into the bank can, by dint of hard work and constant inquiry, obtain enough knowledge to make his work interesting and to afford to him enough insight into the problems arising out of the execution of his daily tasks to increase greatly the benefits accruing from his banking experience. Thus a bank can directly train its staff by affording to members chances of obtaining wide and varied experience of the many classes of work that are to be

found within the scope of its operations.

In practice many men are not brought out owing to the lack of these opportunities and to the conditions under which they work. This will be readily seen if the case of a young clerk is taken, who is employed, as such a large number are, in a small provincial branch bank. If the man is keen and ambitious he soon masters the details of his daily tasks and in a few years is capable of performing most of the work to be found within the office. As time goes on, unless he is especially fortunate, his work lies amidst the same or similar surroundings and is of the same character. Unless he is transferred to a large city branch his knowledge advances very little and after twenty years' service very often such a man is not as efficient as he was ten years previously. It is true he is a careful servant, steady and quite capable of performing the ordinary routine work of the small branch, but he possesses very little initiative and totally lacks that breadth of vision and wide understanding that is so indispensable to a successful banker.

The situation of a man in a large office is almost as bad. There the work is largely specialized and often consists of the performance of tasks of an unvarying nature for long periods. Men are to be found who have been employed upon one kind of work for years, and on account of the facility they have necessarily acquired the management is loth to change. These men, however, can become efficient in routine and no more.

VALUE OF A. I. B. TRAINING

Editor THE BANKERS MAGAZINE,

SIR:

I have your letter of November 15 in which you refer to the prize article which appeared in the Journal of the British Institute of Bankers on the subject of the English institute certificate.

I have read the article to which you refer and am rather disappointed that the institute certificate evidently has but little standing in England and Wales. I had always been under the impression that bank clerks in England and Wales were required to take up the study courses of the British Institute of Bankers, and further, that their salaries were increased in accordance with their progression in those study courses.

The standard certificate of the American Institute of Banking is recognized by the banks in the United States, although the recognition is not uniform. Some banks require all new employees to enroll in the institute study courses through the institute chapter located in their particular city. Some other banks offer rewards to those of their employees who secure the certificate. One bank I have in mind has agreed to pay each of its employees who secure the certi-

cate the sum of \$50. Some banks pay the tuition fee and dues of its employees who become members of local institute chapters and take up the study courses. Other banks pay a part of the tuition fee and dues. However, it can truthfully be said that, as the years go by, more and more recognition is being given to the standard certificate of the American Institute of Banking, and institute graduates are being given the preference in promotions, by an ever-increasing number of bankers.

Significant testimony of the value of the institute training is given in the growth of our organization during the past five years. In 1916 there were sixty-six local chapters with a combined membership of 18,096. To-day there are 106 local chapters with a total membership of 47,403. As Dwight M. Armstrong, vice-president of the Commercial Trust and Savings Bank of Memphis, Tenn., has said:

"Inasmuch as a large percentage of promotions now being made in large city banks go to chapter men, that alone should demonstrate to the bank clerk the wisdom of going in for institute work."

The American Institute of Banking was started twenty-one years ago. It has been organized long enough to show tangible results. Most of the young bankers who were interested in the institute in the early days are now bank executives. I am enclosing a booklet containing fac-simile copies of letters received from some of these men. In my opinion they speak volumes.

One of the most pleasing incidents of the past two years is the election of an institute product to high executive office in the American Bankers Association. I refer to John H. Puelicher, president of the Marshall and Ilsley Bank of Milwaukee, Wis. Mr. Puelicher is now first vice-president of the association and will no doubt be elected president at the next convention. This must be gratifying to those men in the American Bankers Association who were responsible for the organization of the institute. I know that we are mighty proud that one of our members has been thus honored.

I was interested in noting the suggestion by Mr. Holt that a so-called apprenticeship of three years be served by bank clerks before they enrolled in the study courses. I think that the American Institute of Banking is at least one step ahead of its English brethren in that we require all students of the American Institute of Banking to enroll in what we term our elementary banking study course before taking up the standard study courses, unless the student has completed three years high school study or has had three years' banking experience. That has been our rule for the past three years. In this way a proper foundation is laid for our standard study courses. You may be interested in knowing that besides this elementary study course, the prescribed courses of the institute include commercial

law, negotiable instruments, political economy, and standard banking.

We do not claim that a graduate of the institute is a finished banker, but we do insist that any man who has the energy and persistence to complete the prescribed study courses will acquire a knowledge of the fundamentals of banking, economics and law which will equip him for future responsibilities.

There is just one thing more that I would like to bring to your attention, and that is the resolution which was passed by the institute convention at New Orleans in 1919. I am enclosing a copy of it. Honorable Lafayette Young, commenting on this resolution, editorially, in his paper the *Des Moines Daily Capital*, said: "With our financial institutions, and the individuals making up the same, imbued with the spirit expressed in the above resolution, our country is safe."

Very truly yours,

RICHARD W. HILL,

Secretary, American Institute of Banking.

The resolution referred to above follows:

Resolution adopted at the New Orleans convention of the American Institute of Banking, October 9, 1919:



Book Reviews

COTTON FACTS. 1921 Edition. New York: Shepperson Publishing Company.

"Cotton Facts" covers thoroughly every branch of the business from the production and marketing of cotton to its manufacture and distribution. For example, it gives the latest figures, from official and other reliable sources, concerning the acreage and yield of cotton, its condition during various periods of its growth, the surrounding climatic conditions affecting its growth at different points in its maturity, the date of harvesting; all covering a series of years, which makes the book of the greatest assistance in forecasting another year's crops. Facts and figures concerning the world's movement of cotton, exports, imports, amounts of sales, values and prices, market fluctuations, distribution, consumption, etc., etc., are also given in detail for a series of years making the work invaluable to

"Ours is an educational association organized for the benefit of the banking fraternity of the country and within our membership may be found on an equal basis both employees and employers; and in full appreciation of the opportunities which our country and its established institutions afford, and especially in appreciation of the fact that the profession of banking affords to its diligent and loyal members especial opportunities for promotion to official and managerial positions, and that as a result of the establishment and maintenance of the merit system in most banks a large number of institute members have through individual application achieved marked professional success, we at all times and under all circumstances stand for the merit system and for the paying of salaries according to the value of the service rendered.

"We believe in the equitable co-operation of employees and employers and are opposed to all attempts to limit individual initiative and curtail production, and, insofar as our profession is concerned, are unalterably opposed to any plan purporting to promote the material welfare of our members, individually or collectively, on any other basis than that of efficiency, loyalty and unadulterated Americanism."

merchants, brokers and shippers interested in market statistics.



MOTOR TRUCK TRANSPORTATION. By F. Van Zandt Lane, C. E. New York: D. Van Norstrand Company.

A brief, yet logical presentation of the principles that govern successful motor truck operation. Intended to be helpful to user, shipper, transportation man, purchaser, student, economist and seller, or to anyone having a special problem in hauling, delivery, distribution or transportation. Actual photographs are used to illustrate the main points. The author does not attempt to discuss truck design, construction or manufacture. He accepts the motor truck as a demonstrated mechanical device and considers those principles of which a knowledge will lead to the most economical and efficient use of the truck.

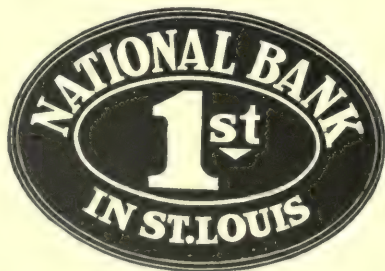
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**The BANKERS
MAGAZINE**

SECTION

Review of the Month

The Business Situation Throughout the Country as Reflected in the Opinions of Banks and Bankers

IN a forecast of business conditions for 1922, the National Bank of Commerce in New York remarks in a December letter that conditions indicate a year more satisfactory to business than the one just ended. The letter voices the opinion that profits will depend more on economy of operation than expansion of volume and that business men should plan with constant effort toward reduction of costs.

"In last analysis," continues the letter, "the business of the world rests on a physical, not a financial foundation. Failure of balance between world-wide supply of and effective demand for physical goods forced the violent readjustment of the last two years; a readjustment which will not be complete until the physical balance has again been established."

The body of the letter, quoted in part, says:

Conditions in the United States today indicate that the year 1922 as a whole will be more satisfactory to business than the year just ended. Our forecast is that profits will depend more on economy of operation than on expansion of volume. With the many favorable factors now operating, business men should not fear to make plans for the new year, but they should plan with care and conservatism, and with constant effort toward reduction of costs.

Financial improvement continues. Progress has been made in reduction of excess stocks of manufactured goods. Accumulations of raw materials have been reduced. The rate of production in the major industries has shown little change during the

closing weeks of the year. Losses in some lines have been offset by gains in others, the net result being that the gains over the low level of the earlier months of 1921 have been held.

BANKING POSITION

The last twelve months have witnessed great progress toward stable financial conditions in business. Combined gold reserves of the twelve Federal Reserve banks have increased by more than forty per cent., while discounts for member banks have dropped fifty-six per cent., and Federal Reserve notes in actual circulation have declined twenty-eight per cent. The Federal Reserve system once more proves to be a system designed to care for increases and decreases in the volume of credit, with the requisite elasticity to do this easily. The betterment in the position of member banks, while not so striking, is nevertheless satisfactory.

Notwithstanding the consistent improvement in financial conditions, recovery in manufacture and trade has been slow. Unemployment in the chief countries shows little decline from the high point reached early in the year, and it may well reach new high figures during January and February, when normally there is an increase in the number of those out of work in North America and Europe. Manufactured goods continue to move slowly and uncertainly into the channels of consumption.

THE RAW MATERIAL PROBLEM

In last analysis, the business of the world rests on a physical, not a financial foundation. Failure of balance between world-wide supply of and effective demand for physical goods forced the violent readjustment of the last two years; a readjustment which will not be complete until this physical balance has again been established.

The wool situation illustrates particularly

well the various factors which have prevented a return to normal conditions. It has continued to accumulate, partly because central Europe has not been able to purchase in the expected amounts, partly because an important part of the wool supply is a by-product, and partly because the building up of flocks is so slow a process that flock-masters reduce them only when they have given up hope of profits.

With curtailment of production and increased demand, copper stocks are showing reduction. The short American and Egyptian cotton crops have served to bring the world's cotton supply approximately to a pre-war normal. Stocks of hides and skins are large in many countries but are moving more freely into consumption. The prices of rubber and sugar are still below the cost of production. Sisal stocks carried over from last year now constitute nearly two-thirds of a normal year's supply. The world's wheat production is in a satisfactory state of balance in that there is an adequate supply and a sustained demand. The American farmer, in the face of a new corn crop of 3,152,000,000 bushels, is carrying over 281,000,000 bushels from the record crop of 1920. There is also an accumulation in other less well-known commodities.

This accumulation of physical goods is not a misfortune. It assures to the world a supply of cheap food and clothing, and real prosperity has never rested on any other basis. But producers of raw materials constitute much more than half of the buying power of the world, and the conclusion is inevitable that the entire economic structure will gradually adjust itself to the raw material market.

DECLINES IN PERIODS OF DEPRESSION

The very interesting and comprehensive diagram reproduced here, appears in the current issue of the *Business Bul-*

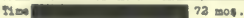

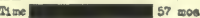











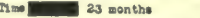






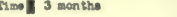
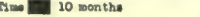

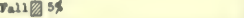



























letin of the Cleveland Trust Company. The bulletin says, in comment on the diagram:

Of the fifty-seven years that have elapsed since the close of the Civil War, twenty-one have been years of serious financial depression in this country. This is thirty-seven per cent., or more than one-third, of the entire period. At the foot of this page is a diagram showing the duration and amount of some of the declines that have marked the periods of depression beginning with the great crash of 1873.

In each case the upper bar in solid black shows the number of months that the decline lasted and the lower cross hatched bar shows the per cent. of shrinkage. The first column of bars shows the shrinkages in the general level of wholesale prices; the second column gives the declines in the loans of national banks; the third column of bars indicates the fall in the interest rates for sixty to ninety day commercial paper; and the last column gives the declines in employment in manufacturing establishments in Massachusetts.

The fact most clearly illustrated by the diagram is that each depression has its own individual characteristics. The depression which began in 1873 continued without abatement for six years, while the more recent ones have been only about a year and a half in length. In some of these periods of hard times the wholesale prices have continued to decline longer than interest rates, while in others the reverse has been true. Similar comments might be made about bank loans and employment.

In general it may be truly said that few rigid rules can be formulated about business cycles. We know with considerable definiteness that certain things will happen during a business crisis or depression, but we cannot tell when these things will hap-

DECLINES IN PERIODS OF DEPRESSION				
Period	Wholesale Prices	Bank Loans	Interest Rates	Employment
1873-79	Time  72 mos.	Time  43 mos.	Time  57 mos.	
	Fall  39%	Fall  17%	Fall  79%	
1882-86	Time  48 months	Time  11 months	Time  34 months	
	Fall  22%	Fall  8%	Fall  48%	
1892-95	Time  36 months	Time  13 months	Time  23 months	Time  5 months
	Fall  27%	Fall  15%	Fall  77%	Fall  22%
1903-04	Time  3 months	Time  3 months	Time  10 months	Time  10 months
	Fall  5%	Fall  2%	Fall  41%	Fall  8%
1907-08	Time  15 months	Time  6 months	Time  18 months	Time  16 months
	Fall  15%	Fall  6%	Fall  59%	Fall  16%
1913-14	Time  3 months	Time  4 months	Time  14 months	Time  24 mos
	Fall  6%	Fall  2%	Fall  56%	Fall  10%
1920-21	Time  13 months	Time  9 months	Time  14 months	Time  17 mos
	Fall  46%	Fall  10%	Fall  80%	Fall  30%



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pen, or how long they will last, or even the sequence that they will follow.

ATTITUDE TOWARD BUSINESS HOPEFUL

The attitude of hopeful expectation toward business is remarked on in the December letter of the First National Bank of Boston, which says in part:

As the year-end approaches, an attitude of hopeful expectation toward business is clearly evident. This is not due to surface developments of the moment—for the current trade reports are not wholly favorable—but rather to a gradual recognition of the fact that certain vital fundamental conditions underlying the world's business structure have measurably improved in recent months and give promise of a more stable and absolutely essential foundation on which healthy trade relations may be built. As to the immediate present, retail trade on the whole has slackened somewhat—better for the department stores and poorer for the smaller retailers. While this slowing-up has been partly due to seasonal causes, there is noticeable a wave of disinclination to buy freely on the part of the public. A demand for still lower prices is quite evident, influenced by a feeling of

economy in some sections and dictated by sharply decreased purchasing power in the agricultural regions. In hides, leather, shoes, woolen and cotton goods, demand has lost its edge. The manufacturer, between uncertain demand and fluctuating raw material prices, has a perplexing problem, narrow profits being the rule as a result of sharper competition. Nevertheless, cotton, woolen and worsted mills are active, wool itself having improved its statistical position with attendant higher prices. Wholesale trade is much duller, affected considerably by the approaching inventory and yearly statement period. More encouraging is the improvement in the steel industry—now at fifty per cent. capacity—which reports heavier buying and the blowing-in of idle blast furnaces. The paper trade, after a very lean period, now shows distinct betterment. That business is unsatisfactory in character and sub-normal in volume is indicated by the record of failures, which in number are the highest in six years, and by the figures of bank clearings. The first eleven months of 1921 are about twenty-two per cent. below 1920; November showed fifteen per cent. under November, 1920, when poor business was widespread; and latest figures—for early December—show a decline of only seven per cent. as compared with the similar period of last year. An examination of events and tendencies mak-

ing for a restoration of normal conditions discloses a considerable list. Among the more important may be mentioned the waning of the Russian experiment, the leaders openly confessing disillusionment as to Soviet government. The shrinkage of this menace is tremendously reassuring to the business world. Again, the promise of a definite settlement of the Irish question removes a conspicuous element of friction. A more tolerant attitude toward the former enemy countries and serious discussion having a modification of reparations in view bear witness to the necessity and growing willingness of all parties to put into effect a workable, businesslike program. Then, too, unemployment is dwindling and the amount of warfare and the number of men actually fighting is sharply decreasing. The accomplishments so far realized at the Washington conference spell smaller expenditures for war preparation and consequent lower taxation. So it happens that with great depression in business, a fairly buoyant feeling exists as to the future. The timid investor has regained his confidence and an active security market—with rising bond prices—reflects his judgment that general conditions are rapidly regaining stability and are becoming normal.

TRADE FEELS PRE-HOLIDAY INFLUENCE

The current trade reviews of both *Dun* and *Bradstreet* note rather stimulating results of the pre-holiday influence on retail trade. Retail business is expanding and is now being done in fair volume. The *Bradstreet* review comments on the situation as follows:

Pre-holiday conditions rule in most lines of trade and industry, minus in some sections, however, the stimulus of seasonal weather. The result is that reports as to retail trade are only slightly better than fair, and the quieting down in wholesale and producing lines lacks the full balance of greatly increased final distribution. For this latter weather conditions are evidently not entirely responsible, however. Low prices for farm produce in the country districts and unemployment in cities—reduced purchasing power, in short—are evidently holding down buying.

Exceptions to this are found in the northern tier of states, where colder weather is noted, and at most of the larger cities, where intensive advertising by department stores is bringing out the usual shopping crowds. Small retailers, however, do not seem to be entirely satisfied, though a week remains in which buyers may operate. Reports as to holiday trade compared with last year naturally vary, but it is conceded that, so far, retail trade in money value is not equal to that of 1920, though volume is probably larger. Mail order trade is reported satis-

factory and for eleven months has fallen less than has the general level of prices of commodities, indicating a perhaps larger volume despite a third smaller value. Best reports come from northern and west-central cities, with trade slowest at the South. Manufacture and industry is a little quieter, unemployment is apparently slightly increased, and collections are slightly slower.

The *Dun* review says that:

With the year-end only a fortnight distant and holiday interruptions imminent, it is obviously not the time to expect significant changes in business. Dispatches from widely separated centers indicate that retail trade has gained in activity, and distribution of heavyweight goods has been quickened by sharply lower temperatures in different sections. These are purely seasonal phases, however, and the fact is not obscured that most consumers are purchasing with greater discrimination and with closer regard for prices.

Calculations of prospective public buying power are being made with allowance for the prevailing unemployment of many workers and the decline in prices of farm products, and dealers everywhere continue conservative in providing against probable forward requirements. The outlook in various basic industries remains more or less uncertain, but it is not unpromising. An approximate average of fifty per cent. operation at steel plants, though it may be temporarily reduced before the new year opens, marks a decided recovery from the extreme low point of last summer, and evidence of larger outputs is also disclosed in other quarters.

Recognition of this situation is essential in determining the present status of business and in estimating future possibilities, while a wholesale price level about thirty-eight per cent. below the previous highest basis means that a more solid foundation for commercial revival now exists. Despite an excess of advances in *Dun's* comprehensive list of commodity quotations, further price yielding has developed in some important lines, and the increasing competition for orders marks the change in supply and demand conditions. Without disregarding the unsatisfactory features which still appear, the belief is practically general that the worst of the depression has been witnessed and that forces are at work whose ultimate effect will be beneficial.

FORD'S PROPOSAL DISCUSSED BY WILLIS

Henry Ford's suggestion that the government issue Federal Reserve notes to pay for completing the power project at Muscle Shoals, Ala., was described, according to the *New York Times*, as "old, like a good many of



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Ford's ideas," by H. Parker Willis, director of the division of analysis and research of the Federal Reserve Bank, speaking at a recent meeting of the New York Credit Men's Association at the Hotel Astor.

Director Willis said he would approve the issuance of the notes provided Ford or any one else could guarantee that the power representing the collateral would be produced. But he condemned the proposition because by it the government would be "giving to certain people the power to consume things needed by the community."

Answering a question as to why an increasing gold reserve was regarded as insurance of increasing prices of commodities, whereas it was accompanied by a decline last year, Mr. Willis said the "world is off the gold standard," and that gold had in fact been demonetized. He believed rock bottom had been reached in prices of commodities, and that prices might be expected to rise as in the case of cotton and coffee.

SUGGESTS AMENDING FEDERAL FARM LOAN ACT

"The farm loan system has done much for the American farmer," but " operating experience. would seem to indicate that numerous small changes should be made," said George Woodruff, president of the First National Bank, Joliet, Ill., in a recent address before the American Farm Bureau Federation at Atlanta, Ga. Mr. Woodruff continued in part:

When the Federal Reserve System was adopted it was expected that it would assist the users of short time credit in normal times and be a bulwark of strength in times of crisis and it has justified all of these expectations. The Federal Farm Loan System was expected to serve equally well the needs of the users of long time agricultural credit and the farmer's troubles have consequently not been made less by the fact that the Farm Loan System has completely broken down at exactly the time when its services have been most in demand. However, the Farm Loan System cannot be called a failure for it has done much for the American farmer. It has made possible the extension of loans for long periods of

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years on the amortization plan under which the farmer is not only saved the commissions, the abstract costs and the incidental expenses of renewals but is enabled to enjoy the same advantages that accrue to industrial undertakings that finance their fixed investments through long term bonds. The framers of the Farm Loan Act may well be proud of the start that has been made but actual experience has shown that some changes must be brought about, and now would seem to be the time to give them consideration.

SOME CHANGES NECESSARY

Experience usually brings out some defects in any new law and the operating experience of the Farm Loan System would seem to indicate that numerous small changes should be made, and in addition thereto consideration should be given to the two main reasons for the failure of the Federal Land Banks to measure up to the expectations of those who believe in a great national system of land credit. These two reasons are: First, the disinclination of the farmer to carry out the complicated procedure necessary to obtain a loan; and second, the failure of the Federal Land Banks to continuously market their bonds.

The farmer is somewhat displeased with the necessity of buying stock, with double liability, in a local association before he is able to obtain a loan from the Federal Land Banks. He would much prefer to confine the transaction to the borrowing of money, without the necessity of buying the stock, and he would also prefer to handle the business through some regularly and permanently organized business concern rather than through a somewhat intangible association without a permanent office and lacking the facilities to properly look after his needs.

It is interesting to note that the law now provides that under certain circumstances, incorporated banks, trust companies, mortgage companies, or savings institutions, chartered by the states in which each has its principal office, may be employed by Federal Land Banks as agents to procure

and handle loans, and it would seem as though greater success would come to the system if the local Farm Loan Associations were to be abolished, and in their place were to be substituted these financial institutions enumerated in the law, together with national banks, most of which are already engaged to a limited extent in the farm mortgage business. An arrangement under which the banks of America could become members of the Farm Loan System would result in the transfer of many mortgages from the banks to the system and would insure its widespread usefulness and success, for city banks and mortgage institutions would doubtless be glad to join and our thousands of country banks, largely owned by the farmers, would surely come to constitute its most enthusiastic supporters.

The cooperation of our banks would promptly bring about the simplification of the procedure required of the farmer in quest of a loan and would provide thousands of well equipped, permanent local headquarters for the Farm Loan System. Such co-operation would also insure the services of experienced financial men, would guarantee the making of safe loans based on conservative values and would save all of the overhead costs of local associations, for the banks could handle the business without any additional expense.

WHOLESALE PRICES IN NOVEMBER

A further slight drop in the general level of wholesale prices is shown for November by information gathered by the United States Department of Labor through the Bureau of Labor Statistics. The bureau's weighted index number, based on 327 commodities or price series, stands at 149 compared with 150 for the preceding month.

The largest decreases took place among farm products, particularly cotton, wheat, rye, cattle, hogs, sheep and poultry. Clothing and metals also were

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cheaper than in the month before. No change in the general price level was reported for the groups of foods, chemicals and drugs, house-furnishing goods, and miscellaneous commodities. In the groups of fuel and building materials prices averaged higher than in October.

Below are shown the index numbers of wholesale prices in the United States, by groups of commodities, as computed by the Bureau of Labor statistics for the months named. The figures for the last named month are preliminary and subject to revision. The base used in computing these index numbers is the average for the calendar year, 1913.

INDEX NUMBERS OF WHOLESALE
PRICES, BY GROUPS OF
COMMODITIES

(1913 equals 100)

	1920 Nov.	1921 Oct.	1921 Nov.
Farm products	165	119	114
Food, etc.	195	142	142
Cloths and clothing.....	234	190	186
Fuel and lighting.....	258	182	186
Metals and metal products	170	121	119
Building materials	274	192	197
Chemicals and drugs..	207	162	162
House-furnishing goods	369	218	218
Miscellaneous	220	145	145
All commodities	207	150	149

Compared with prices in November, 1920, it is seen from the above table that the general level has declined twenty-eight per cent. The greatest decrease is again shown for the group of house-furnishing goods, in which prices have fallen forty-one per cent. Farm products were thirty-one per cent. cheaper in November than in the corresponding month of last year, metals and metal products were thirty per cent. cheaper, and fuel and building materials were twenty-eight per cent. cheaper. Food products in the aggregate have declined twenty-seven per cent., chemicals and drugs twenty-one and three-quarter per cent., and clothing twenty and one-half per cent. since November of last year. In the group of miscellaneous commodities, including such important articles as cotton-seed meal and oil, lubricating oil, jute,

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bran and millfeed middlings, newsprint and wrapping paper, and wood pulp, the decrease has been thirty-four per cent.

EMPLOYMENT IN SELECTED INDUSTRIES IN NOVEMBER 1921

The United States Department of Labor through the Bureau of Labor Statistics received and tabulated reports concerning the volume of employment in November, 1921, from representative establishments in thirteen manufacturing industries and in bituminous coal mining.

Comparing the figures of November, 1921, with those of identical establishments for November, 1920, it appears that in eight industries there were increases in the number of persons employed, while in six there were decreases. The largest increase, seventy-four per cent., is shown in the woolen industry. Men's ready-made clothing shows an increase of 54.1 per cent. and hosiery and underwear an increase of 38.3 per cent. The most important decreases are 33.1 per cent. in iron and steel and 25.2 per cent. in car building and repairing.

Five of the fourteen industries show increases in the total amount of the pay roll for November, 1921, as compared with November, 1920, and nine show decreases. The most important percentage increase, 58.2, appears in the woolen industry. Iron and steel show a decrease of 64.2 per cent. and both car building and repairing and paper making a decrease of thirty-eight per cent.

Figures show that for November, 1921, and October, 1921 in seven industries there were increases in the number of persons on the pay roll in November as compared with October, and in seven a decrease. The largest increases, 7.1 per cent. and 5.9 per cent., appear in paper making and car building and repairing, respectively. Decreases of 3.5 per cent. and 3.2 per cent. are shown for automobiles and silk.

In comparing November, 1921, with October, 1921, five industries show increases in the amount of money paid


to employees and nine show decreases. The largest increases are seven per cent. in paper making and 6.2 per cent. in iron and steel. Silk shows a decrease of 13.5 per cent. and automobiles a decrease of 8.5 per cent.

CHANGES IN WAGE RATES AND PER CAPITA EARNINGS

During the period October 15 to November 15, there were wage changes made by some of the establishments in seven of the fourteen industries.

Iron and steel: One-half of the force of one establishment were reduced twenty per cent. in wages. A wage reduction of approximately sixteen per cent. was made to twenty-six per cent. of the men in one mill, while almost the entire force of another mill were reduced fifteen per cent. in wages. Decreases ranging from ten to fifteen per cent. were made to all employees in one establishment. A twelve per cent. decrease, affecting the entire force in one establishment and eighty-five per cent. of the force in another establishment, was reported by two concerns. A decrease of about nine per cent. was made by two concerns, affecting all men in the first concern and eight per cent. of the men in the second concern. Four plants reported a reduction of eight per cent. in rates of wages which affected sixty per cent. of the force in two plants, forty per cent. of the force in the third plant and ten per cent. of the force in the fourth plant. In three establishments, a decrease of seven per cent. was made to thirty-five per cent., forty per cent., and sixty per cent. of the employees, respectively. Fifty-five per cent. of the force in one mill was reduced six per cent. in wages. Improved business conditions were reported for this pay-roll period and the per capita earnings show an increase of 1.8 per cent. when October and November figures are compared.

Automobiles: In one plant, about three per cent. of the force were granted wage rate increases ranging from ten to twenty per cent., while twenty-six per cent. of the force had wage reductions ranging from eight to twelve per cent. A decrease of ten per



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cent. in rates of wages to thirty per cent. of the employees was reported by one establishment. Less time was worked in this industry and the per capita earnings for November show a decrease of 5.2 per cent. when compared with those for October.

Car building and repairing: A decrease of ten per cent. in rates of wages to fifteen per cent. of the force was reported by one plant. The per capita earnings for November when compared with those for October show a decrease of 0.7 per cent.

Cotton manufacturing: The per capita earnings for November have increased three per cent. over those for October.

Cotton finishing: A decrease of 5.6 per cent in per capita earnings was noted when October and November pay rolls were compared.

Hosiery and underwear: When comparing November per capita earnings with those of the previous month, a decrease of 4.2 per cent. was reported.

Woolen: Improved business condi-

tions were reported for this industry. The per capita earnings were 3.9 per cent. greater for November than for October.

Silk: A wage decrease of ten per cent. was reported by three mills, affecting all employees in the first mill, and thirty-one per cent. of the employees in the second mill. The percentage of employees affected in the third mill was not stated. In two plants, a decrease of eight per cent. was made to ninety per cent. and ninety-five per cent. of the forces, respectively. Reductions in forces and wages occurred throughout this industry, causing the per capita earnings for November to be lessened 10.7 per cent., when compared with October.

Men's ready-made clothing: Per capita earnings for November increased 0.4 per cent. when compared with October as work was slack between seasons.

Leather: A wage rate decrease of twelve per cent., affecting eighty-eight per cent. of the force, was reported by one tannery. A decrease of 5.8 per

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President

cent. in per capita earnings is reported for November as compared with October.

Boots and shoes: An increase of approximately twelve per cent. was granted to four per cent of the employees in one plant. The entire force of another plant was reduced twelve and one-half per cent. in wages. One establishment reported a general wage decrease of ten per cent., while six other establishments made reductions of ten per cent., affecting sixty per cent. of the force in two establishments, fifty-one per cent. of the force in the third establishment, twenty-six per cent. in the fourth establishment, ten per cent. in the fifth establishment and about three per cent. in the sixth establishment. Slight business depression was reported for some of the establishments and the per capita earnings show a decrease of 2.5 per cent. when October and November pay rolls are compared.

Paper making: All employees of one establishment were reduced ten per cent. in wages. In one mill, a decrease of nine per cent. in wage rates was made to about three per cent. of the men, while in another mill twenty-one per cent. of the men were decreased five per cent. Although business conditions are improving generally, a very slight decrease of 0.1 per cent. is reported for per capita earnings for November when compared with October.

Cigar manufacturing: Curtailed operations caused a decrease of 5.7 per cent. in per capita earnings for November as compared with per capita earnings for October.

Bituminous coal: Mines were not working to full capacity and the per capita earnings for November show a decline of nine per cent. when compared with those for October.

INCREASING SECURITY DEMAND

On the increasing demand for securities the New York agent of the Federal Reserve Bank says in the December bulletin that:

Evidence of increasing breadth of demand for fixed income securities appeared in November in the heavy over-subscription of an issue of \$50,000,000 six per cent. twenty-



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year bonds of a public utility corporation. Of nearly 68,000 subscribers, more than 54,000 asked for bonds of \$5,000 or less to a total of more than \$126,000,000, and over 25,000 asked for bonds of \$1,000 or less to a total of over \$22,000,000. These bonds were offered on a six and one-quarter per cent. basis, up to that time the lowest yield this year for any issues of private concerns other than railroads. On November 21, \$20,000,000 one-year notes of another public utility corporation were sold on close to a six per cent. basis, compared with eight per cent., on a similar issue of the same corporation last December. Further evidence of greater ease in the market appeared in an offering of a block of preferred stock on less than a seven per cent. basis.

Demand for state and municipal securities exceeded the supply, despite the fact that offerings were in exceptionally heavy volume. In consequence, prices rose; so that issues of better grade were offered to yield about four and three-quarter per cent., compared with five per cent. a month ago, and five and one-quarter per cent. two months ago. In the case of one issue a new low on the movement of 4.20 per cent. was reached.

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New South American issues brought out in November were \$10,500,000 Chilean Government eight per cent. twenty-five-year bonds, and \$10,000,000 State of Rio Grande de Sol, United States of Brazil, twenty-five year eight per cent. bonds, both issues being sold at prices to yield a little over eight per cent. In addition, there was offered an issue of \$22,779,300 six per cent. bonds of the French cities of Marseilles, Lyons, and Bordeaux, on a 7.65 per cent. basis, the first European offering this year to net below eight per cent. The bonds were the unsold balance of an issue originally offered here in 1919.

For October, the total of new corporation issues was slightly more than \$100,000,000, the smallest monthly total in more than two years, and less than a third as large as the total in October last year. In November, however, financing became more active, probably due in part to lower rates, and several large issues were sold, in most cases bonds of public utility corporations. Up to November 23, issues of all classes reached a total nearly double that in the corresponding period of last year.

GOLD NOW IN EXCESS OF NOTES

On the subject of liquidation the Girard National Bank of Philadelphia says in its December letter:

Liquidation in industrial and commercial

lines is more and more reflected in the banking position of the country, which also has been enormously strengthened by the great inflow of gold, which the strain of the world to meet current international settlements has brought to the United States to a total which is already unwieldy and may become dangerous if extreme care be not exercised. The gold stock in the country on December 1 was stated by the government at \$3,545,000,000, a total greater than ever before, and equal to forty to forty-six per cent. of the entire world stock of money gold, as variously figured. It is noteworthy that the Federal Reserve Banks now hold gold in an amount actually more than 100 cents for every dollar of note circulation outstanding—and that after setting aside the thirty-five per cent. reserve against their deposit liabilities.

It is also worthy of special attention, as constituting an underlying factor of vast importance, that, with the gold stock in the country so greatly increased as it has been, and especially since the beginning of this year, the total of money in circulation in the United States has been materially reduced. On December 1 it stood at \$5,676,700,000, or \$686,800,000 less than a year before, with the per capita circulation reduced from \$59.41 to \$52.19. The Federal Reserve Bank circulation on December 7 was down to \$2,373,000,000, which compares with \$3,445,000,000 at the peak point, which was at the end of last year.

Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland
and the District of Columbia

*The New
Heckscher Building
5th Avenue
at 57th Street*



Growing!

Growing, moving steadily forward, confident of the future—this is uptown New York.

Keeping pace with its development, building strongly on the sure foundation of our downtown office, growing, too, is Mercantile.

Uptown or downtown—Mercantile is an example and an exponent of growth.



Mercantile Trust Company

115 Broadway, New York

UPTOWN BRANCH: Madison Ave. and 45th St.
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Member of Federal Reserve System



The Effects of Immigration

THE increase in population and the addition to the labor force through immigration was a matter of considerable importance in the economic development of the country. The first great wave of immigration, 1845-1854, was chiefly Irish and German and English. Labor was supplied to our fast growing industries. Many of these sturdy newcomers pushed on to the West, took up farms and developed them. The movement of popula-

tion and the whole life of the country was quickened by this infusion of foreign blood.

* * *

In the 122 years of its existence, the Bank of the Manhattan Company has made it its responsibility to study the broad sweep of business, utilizing its great number and widely varied contacts to note accurately new tendencies, new conditions that may affect its customers' affairs.

BANK of the MANHATTAN COMPANY

CHARTERED



1799

40 WALL STREET, *New York*

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President

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First Vice-President

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Vice-Presidents

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E. D. FORSTER
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P. A. ROWLEY
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Assistant Cashiers

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I. S. GREGORY
H. M. BUCKLIN
W. A. RUSH
GEO. S. DOWNING
E. S. MACDONALD
O. G. ALEXANDER
C. W. CAPES

Capital \$5,000,000

Surplus and Undivided Profits \$17,520,682.29

THE annual convention of the American Bankers Association will be held in New York City the week of September 24, 1922.

EASTERN STATES

DR. GIANNINI TO HEAD BOARD OF DIRECTORS

Dr. A. H. Giannini, president of the East River National Bank of New York and vice-president of the Bank of Italy of San Francisco, has just been selected to head the Commercial Trust Company of New York as chairman of its board of directors and as the active head of its official organization.

The Commercial Trust Company is one of New York's large uptown banks, located at Times Square. It has a capital and surplus of \$1,500,000, with deposits of approximately \$8,000,000. Its acquisition by the same interests that control the East River National Bank, with Dr. Giannini at the head of both institutions, has occasioned much comment in eastern financial circles. The remarkable success with which Dr. Giannini has met in building the resources of the East River National from \$4,000,000 to more than \$25,000,000 is regarded as one of the recent high points in New York banking achievements.

Dr. Giannini will now be the active head of these two New York banks controlling upwards of \$50,000,000 in assets. Although he has been in New York but a few years, he is generally recognized as one of its leading financiers.

Prior to his activities as a New York banker, Dr. Giannini was associated here with the Bank of Italy, and is one of San Francisco's most prominent men. He served as a member of the board of supervisors of the city and county of San Francisco during the administration of Mayor Edward Robeson Taylor in the trying days that followed the San Francisco fire.

Association with Dr. Giannini as a member of the board of directors of the Commercial Trust Company is James Wood, formerly manager of the St. Francis Hotel. Mr. Woods, since leaving San Francisco, has been active with the John McE. Bowman chain of hotels which include the Biltmore and Belmont in New York. He will continue his connections with that organization.

It is expected that Dr. Giannini will visit San Francisco the early part of the year.



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SARA E. SHAVER

*Financial
Advertising Counsel*

SURREY BUILDING
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BUFFALO

ELMORE F. HIGGINS APPOINTED SECOND VICE-PRESIDENT

Elmore F. Higgins has been appointed a second vice-president of the National Bank of Commerce in New York.

Mr. Higgins has been an assistant cashier of the bank since March, 1919, having previously been chief national bank examiner for the Sixth Federal Reserve District. Before entering the Government service, he was assistant examiner for the New Orleans Clearing-house Association.

PLAN TO PROMOTE THRIFT

A plan to promote thrift through the schools and to educate children on the savings bank idea has been proposed by Edward C. Delafield, president of the Bank of America, New York, and director of the



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BUSINESS MEN**

The international scope of our organization enables us to render a complete and satisfactory foreign financial service in all parts of the world.

Bankers can make arrangements with us whereby they can, as principals, draw their own drafts on all parts of the world, or remit by money order to payees abroad. We furnish the necessary equipment.

Correspondence invited

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Pittsburgh Brooklyn Chicago

Direct Private Wires Connecting All Offices

Empire City Savings Bank before the New York Savings Bank Association. Arthur S. Van Winkle, president of the Empire City Savings Bank, chairman of the group, presided at the luncheon meeting, which was held at the Hotel Astor, December 16.

Group visits of school children to savings banks during banking hours, made clear by simple explanations of how the banks work, are a feature of this plan. Children would be encouraged actually to start accounts so that their schoolmates would see how simple and interesting thrift is in practice.

"The thrift habits of the nation should be instilled in the children," said Mr. Delafield. "It is the duty of the savings bank to enlist the co-operation of every possible existing agency of education in this work. The savings banks have the facilities for collecting and conserving the surplus resources of the people but they have not the facilities for bringing the people into the banks. They must work through other agencies to this end.

"The need for such education in thrift is three-fold," pointed out Mr. Delafield.

"Thrift is an essential habit in personal happiness. Wider practice of thrift is essential if the savings banks are to maintain their growth of business. And at the present time thrift through the banks is necessary to create new capital for repairing the wastes of the world war."

Mr. Delafield's plan is to be worked out by a committee appointed by Chairman Van Winkle.

METROPOLITAN TRUST APPOINTMENTS

Vice-President Harold B. Thorne announces that at a meeting of the executive committee of the Metropolitan Trust Company of New York, Henry F. Corwin, Edward C. DeVarenes and Arthur L. Barnes were appointed assistant treasurers. Mr. Corwin has been with the company for seven years serving as manager of the credit department. Mr. DeVarenes has been with the company for over sixteen years and for several years past has been head of the loan department. Mr. Barnes for some time past has acted as chief clerk.

ORGANIZING A NEW BANK

A new bank, to be known as the Hamilton National and to be located in the Heckscher Building, is being organized by Edmund L. Fisher, formerly Deputy Controller of the City of New York. Mr. Fisher will be the president. It will have a capital of \$1,000,000.

NEW CALENDAR OF UNITED STATES MORTGAGE AND TRUST COMPANY

"The Dawn of the Republic" is the title of the 1922 calendar now being distributed by the United States Mortgage and Trust Company of New York. It is in the form of an illumination from an original painting by Percy Moran depicting General Washington in winter quarters at Valley Forge in contemplation of the dawn of a new civilization which is breaking before him, and which symbolizes his dream of our great republic. The subject is the twelfth in the Colonial series adopted by the company for its calendars.

NEW BANKING CORPORATION DIRECTORS

Charles E. Mitchell, president of the National City Bank of New York, has been elected chairman of the board of directors of the International Banking Corporation. H. T. S. Green, president, was reelected,

and the following five directors added to the board: Charles E. Mitchell, John A. Garver of Sherman and Sterling, Joseph P. Grace of W. R. Grace and Company, Arthur Kavanaugh, vice-president of the National City Bank, and Beekman Winthrop of Robert Winthrop and Company.

NEW EXECUTIVE MANAGER OF AMERICAN BANKERS ASSO- CIATION

At a meeting of the administrative committee of the American Bankers Association in Washington, December 13, Guy E. Bowerman presented his resignation as executive



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FRED N. SHEPHERD

Newly elected executive manager of the American Bankers Association

manager of the association and it was accepted with sincere regret. Fred N. Shepherd, business manager of the Chamber of Commerce of the United States was chosen to succeed him. Mr. Shepherd began his duties January 1.

The spring meeting of the executive council of the American Bankers Association will be held at White Sulphur Springs, West Virginia, May 7.

1781

The Oldest Bank in America

CHARTERED by the Continental Congress in 1781, the Bank of North America is the oldest bank in the country, the period of its existence spanning the entire history of the nation since the close of the War of Independence.

Today with Capital of \$1,000,000, Surplus and Undivided Profits of \$2,375,000 and Total Resources of over \$35,000,000, this bank is better prepared than ever to fill its important place among the great financial institutions of the United States.

President

E. PUSEY PASSMORE

Vice-President

RICHARD S. MCKINLEY

Cashier

E. S. KROMER

Assistant Cashier

WILLIAM J. MURPHY

Assistant Cashier

CHARLES M. PRINCE

Assistant Cashier

JOHN W. WHITING

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PHILADELPHIA

1922

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GUARANTY COMPANY OF NEW YORK

At a meeting of the board of directors of the Guaranty Company of New York, held December 21, 1921, Charles H. Sabin was elected chairman of the board of directors and Harold Stanley was elected president of the company.

THE SHIPPING BOARD AND OUR MERCHANT MARINE

A book entitled "The Shipping Board and our Merchant Marine" is being distributed by the Mechanics and Metals National Bank, New York. The booklet presents an analysis of the situation now existing in the United States, wherein the shipping board constitutes an important factor in the economic situation of the country.

Because of the power of its huge fleet and the influence of its policies and decisions upon the development of the entire American merchant marine, the activities of the shipping board are of wide current interest. The book analyzes in detail the shipping

legislation of the country prior to the war and since, and presents the immediate problems of the shipping board and indicates their solutions.

IRVING NATIONAL GIVES PROMOTIONS

The Irving National Bank of New York announces the following promotions of officers: D. T. Johnson, formerly assistant vice-president, to be vice-president; P. F. Gray, formerly cashier, and William Grafe, formerly assistant cashier, to be assistant vice-presidents; C. V. Allnutt, formerly auditor, to be cashier, and G. A. Bryson, formerly assistant auditor, to be auditor.

MORRIS PLAN INSURANCE ANNIVERSARY

The Morris Plan Insurance Society, which completed its fourth year on November 30, has issued 100,724 policies for an aggregate amount of \$18,720,231, of which 30,663 policies for \$6,973,125 are now outstanding. The society's capital and surplus are \$100,000 each and on November 30 its undivided profits amounted to \$100,188, of which \$51,542 had been accumulated in the first eleven months of 1921. The society was organized primarily for the purpose of insuring borrowers from the 100 Morris Plan banks and companies in the United States for the amount of their loans so long as they are outstanding, which is usually fifty weeks.

COLUMBIA BANK MOVES IN NEW QUARTERS

On January 3, the Columbia Bank of New York moved into their new quarters at the southeast corner of Fifth avenue and Forty-third street. Three new departments were opened in the new rooms: a woman's department, thrift department and safe deposit vaults.

The woman's department is equipped for handling women's accounts, with an expert manager in charge. The thrift department will accommodate those who wish to save regularly. The safe deposit vaults have a capacity of thousands of small and large boxes with thirty-seven rooms at the disposal of the boxholders.

BANK OF AMERICA

The Bank of America of New York has announced the following appointments: M. R. Coffman, manager business development; E. R. Gafford, manager new business department; W. Woolford, manager publicity and service department.

Two employees of the bank were honored for their long services by the presentation of gold watches by Edward C. Delafield, president of the bank. Irving L. Griffin, a paying teller, was remembered on the completion of twenty-five years of service. Charles K. Gedney, in charge of the bank's stockrooms, in recognition of thirty years of continuous service.

PETER S. STEENSTRUP

Alfred F. Sloan, Jr., vice-president in charge of operations of General Motors Corporation, New York, makes the following announcement of change in personnel effective January 1, 1922.

Peter S. Steenstrup, vice-president and general manager of General Motors Export Company, has been transferred to the General Motors Corporation as an assistant to Alfred P. Sloan, Jr., to undertake special duties.

BANK DIVIDENDS

The directors of the State Bank of New York declared an extra dividend of four per cent. on the capital stock in addition to the regular semi-annual payment of six per cent. Both dividends are payable January 3 to stockholders of record December 15.

The board also voted a bonus to officers and employees of the State Safe Deposit Company as well as the State Bank, based on the length of service of the individual. Ten per cent. of annual salaries was paid to those who have been in the service one year, and the percentage increases up to twenty-five per cent. for those who had been with the bank and deposit company ten years or more.

The board of directors of the Columbia Trust Company of New York declared the regular quarterly dividend of four per cent. and an extra dividend of two per cent., payable December 31, 1921.

The Bank of New York has declared a regular quarterly dividend of five per cent. and an extra of three per cent., payable January 3 to stock of record December 21.

The United States Mortgage and Trust Company, of New York, on December 23 declared a quarterly dividend of four per cent. payable January 3 to stockholders of record December 27. The directors voted an additional compensation of fifteen per cent. of the amount of salaries paid to officers and employees during the year.

At the regular meeting of the board of trustees of the Equitable Trust Company of New York, held December 21, 1921, a quarterly dividend of four per cent. was de-



THIS BANK offers complete facilities for the transaction of every kind of banking business.

Collections made promptly and on favorable terms on every part of the world

Foreign Exchange Bought and Sold

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Capital - \$3,000,000
Surplus and
Profits - 8,000,000

E. F. SHANBACKER
President

The
FOURTH STREET
NATIONAL BANK
Philadelphia

clared on the outstanding capital stock of the company, the same to be payable on December 31, 1921, to stockholders of record December 23, 1921.

At the same meeting an extra dividend of four per cent. was declared on the outstanding capital stock of the company, the same to be payable on January 10, 1922, to stockholders of record, December 23, 1921.

The directors of the Mechanics and Metals National Bank of New York, declared a regular quarterly dividend of five per cent. and an extra dividend of two per cent., payable January 3 to stockholders of record December 24. This makes the dividend distribution twenty-two per cent. for the year 1921. The annual dividend was increased in 1919 from sixteen per cent. to twenty per cent. Up to 1916 the annual dividend was twelve per cent.

PRESIDENT OF SEABOARD BANK SELLS RESIDENCE

Samuel G. Bayne, president of the Seaboard National Bank of New York has sold his home at Riverside Drive and One Hundred and Eighth street, New York, on the site of which a fourteen-story apartment will be built.

This residence has been the scene of many important social events.

All bank presidents in the city were invited there to view the centennial of the Hudson River, the Dewey parade and the two Grant parades.

Mr. Bayne intends to occupy the entire top floor of the new structure for his own residence because it has one of the finest views in New York, both up and down the river, and is as accessible as any point on Manhattan Island.

BANK INCREASES CAPITAL

At a special meeting of the stockholders of the Corn Exchange Bank of New York, the proposition to increase the capital stock from \$7,500,000 to \$8,250,000 was ratified. The additional shares will be offered to stockholders at par in proportion to their holdings.

S. C. JAYNE HAS BEEN CASHIER FIFTY-THREE YEARS

S. C. Jayne celebrated on December 20, 1921, his eighty-third birthday. On January 1 he completed fifty-three years as cashier of the First National Bank of Berwick, Pa., a record that is without equal in the state. In honor of the double anniversary, his friends remembered him and

banking rooms throughout most of the day were the scene of an impromptu reception. The bank force had bouquets of flowers arranged at Mr. Jayne's desk and throughout the bank, and many friends visited him to tender congratulations.

ARNOLD F. SMITH

At a meeting of the board of directors of the Lincoln Trust Company of New York, Arnold F. Smith, manager of the credit department, was appointed an assistant secretary of the company.

BOOKLET ON CEREMONY AT WESTMINSTER ABBEY

The Bankers Trust Company, of New York, has recently issued an attractive booklet containing a comprehensive account of the ceremony in Westminster Abbey on October 17, 1921, on the occasion of the presentation to Britain's Unknown Warrior of the American Congressional Medal of Honor, which was pinned on the grave of the Unknown by General Pershing. The material contained in the booklet was reprinted from the *London Times* of October 17, 1921, and contains a more complete account of this impressive ceremony than has yet appeared in this country. In addition to the account of the ceremony, the booklet contains a reprint of the official announcement by the British Secretary of War, at a dinner in honor of General Pershing on the evening of the same day, of the inspiringly worded award by His Majesty the King of the Victoria Cross to America's Unknown Warrior.

On the first page of the booklet has been printed the following statement by General Pershing:

"I feel sure that if just what occurred, with all the sentiment and feeling that went with it, could be conveyed to the people of Great Britain all over the world and the people of America, it would go far toward uniting them in a common sympathy and in a common purpose."

NATIONAL CITY BANK OPENS THRIFT DEPARTMENT

The National City Bank of New York in its uptown branch at Madison avenue and Forty-second street, is opening a compound interest department for savings accounts. This is a new departure for that great banking institution. Its idea to encourage thrift and savings meets with widespread approval.

The location for the new department is

The Chinese Merchants Bank, Ltd.

Hong Kong, China

takes pleasure in announcing that the Superintendent of Banks of the State of New York has issued a license authorizing the Bank to maintain an agency in the City of New York.

The Chinese Merchants Bank also has the pleasure of announcing that Mr. Lo Naam Lau has been appointed Agent of the New York Agency.

All business within the scope of the said license will be transacted on and after

*Tuesday, January the third
Nineteen hundred and twenty-two*

*at the Offices of the Agency
Woolworth Building
Two hundred and thirty-three Broadway
New York City*

considered in banking circles almost ideal. The banking house at Forty-second street and Madison avenue is near the center of the heaviest traffic in the city. From the standpoint of the general public, to whom the element of convenience is of great importance, the location is regarded as excellent.

GUARANTY TRUST COMPANY

Referring to the closing of the Italian Discount and Trust Company by the State Superintendent of Banks, following the reported failure of the Banca Italiana Di Sconto of Rome, Italy, W. C. Potter, president of the Guaranty Trust Company of New York, made the following statement:

"Due to the fact that the Guaranty Trust

Company had a former interest in the stock of the Italian Discount and Trust Company, purchased at the time of its organization, two officers of the Guaranty Trust Company have occupied position upon its board of directors. In April last the Guaranty Trust Company sold its entire holding in the stock of the Italian Discount and Trust Company to the Banca Italiana Di Sconto, at a premium above the cost and since then has had no interest in its business. The Italian Discount and Trust Company has no indebtedness to the Guaranty Trust Company. On the contrary, the Guaranty Trust Company carries a credit balance from that institution. The Banca Italiana di Sconto has a moderate loan with the Guaranty Trust

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**WEBSTER
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ATLAS
NATIONAL BANK
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We will render Prompt and Economical Service, thoroughly satisfactory to you, and what is most important, PLEASING TO YOUR DEPOSITORS.

Credit Service

We maintain a most comprehensive credit file on New England names and endeavor to write our correspondents detailed and helpful credit letters.

A Strong Bank of Dependable Service

Established 1833

Capital, Surplus and Profits	.	.	\$2,700,000
Average Deposits, about	.	.	12,000,000

Chairman of the Board
AMORY ELIOT

President
RAYMOND B. COX
Vice-President and Cashier
JOSEPH L. FOSTER

Vice-President
EDWARD M. HOWLAND

Company, entirely secured by Liberty bonds. The closing of the doors of the Italian Discount and Trust Company was due to the failure of the Banca Italiana Di Sconto to pay its lira claims."

CITY BANK ELECTIONS

The National City Bank of New York has announced the following elections in its English and European staffs:

George K. Weeks, who has been European representative of the National City Company and a vice-president of the institution, has been elected a vice-president of the bank; Paul Grosjean, who has been in charge of the Brussels branch of the bank, has also been elected a vice-president. Paul F. Fatzer, who has been manager of the Paris branch of the Farmers Loan and Trust Company, has been retained by the National City Bank to manage its Paris branch.

Announcement was also made that the Second National Bank will complete its merger with the National City Bank at the close of business on December 31. Beginning Tuesday, January 3, the National City Bank branch at Broadway and Twenty-sixth street will be consolidated with its Fifth avenue branch at Twenty-eighth street

and Fifth avenue, the former home of the Second National. In connection with this consolidation, the National City Bank announced the following elections and appointments:

Arthur L. Burns and Edward H. Peaslee elected vice-presidents; Charles W. Case and William Fabst appointed assistant vice-presidents; Edward H. Webb, John H. Hoverman and Robert E. Shotwell appointed assistant cashiers.

CHINESE BANK OPENS

The Chinese Merchants Bank, Ltd., of Hong Kong has opened the first Chinese bank in New York city with offices in the Woolworth Building. This branch is under the supervision of L. N. Lau, a Cornell University graduate, thoroughly trained in modern banking methods.

The bank will confine itself wholly to a foreign trade business, specializing in exchange, letters of credit, and other foreign trade transactions.

The Chinese Merchants Bank was organized in 1918, under the banking laws of the British Crown Colony of Hong Kong with a capital of \$5,000,000 or about \$2,500,000 in American money. The organizers, stockholders, officers and directors are all Chinese merchants and leaders in commerce.

New England States

Comprising Maine, New Hampshire, Vermont, Massachusetts, Connecticut
and Rhode Island

The First National Bank of Boston

**The leading financial institution of
New England**

**Foreign and domestic commercial
banking of every nature**

Correspondence solicited



FOR the second time in ten years the growth of the Springfield National Bank, at Springfield, Mass., required extensive enlargement of its banking quarters. The spacious main banking room and colonnades in veined Carrara Italian marble, with counter screens and public desks in bronze, is one of the finest in New England.

Thomas M. James Company

3 Park St., Boston, Mass.

Fuller Building, Springfield, Mass.

31 East 27th St., New York

511 Blackstone Building, Cleveland, Ohio

ECONOMIC CONDITIONS IN NEW
ENGLAND STATES

THE general holiday trade in New England took a sudden spurt during the week immediately preceding Christmas that was surprising in its vigor. Up to that week trade had been only moderately good, but the spurt carried the big stores well ahead of last year in the volume of goods moved and from two to ten per cent. ahead of last year in money value. The smaller stores even ran ahead of this, with the result that merchandise shelves are pretty well cleaned and fairly heavy orders have now gone forward to jobbers and manufacturers for restocking. The unexpected rush of Christmas buying was as pleasing as it was surprising, for it uncovered a buying capacity on the part of the public that makes the future look much brighter than it did a month ago. Unemployment is steadily on the decrease, and while at this writing the great textile, shoe and leather industries are a bit quiet, it is more the quiet of inventory time and year-end hesitancy than any slump in business.

Financial conditions have improved. Money is fairly plentiful and rates are low enough to attract borrowers of good standing. The steady demand for bonds and high grade stock for permanent investment accounts shows no sign of diminishing, although the more speculative side of the market has, for the moment, fallen into the doldrums. Here as elsewhere in the country, the feeling is that many of the stocks and bonds have risen faster than the improvement in general business really warranted and it is to be expected that a period of quiet must prevail for a while until the market has fully digested the advances already registered.

The tariff agitation is interesting New England greatly and the hide and leather interests have been especially concerned. Just what the outcome will be is difficult to determine at this writing.

The outlook for building and general construction work in New England is brightening steadily. Cement, brick, lumber and other supplies have dropped sharply in price, in fact since the first of the year the decreases have brought prices well down toward pre-war levels. During the past month or six weeks prices have hardened a bit, showing at least that the period of decline is over, and this fact has apparently made its impression on the public so that a new interest in building operations has been aroused, and the prospects are bright for a very busy spring.

Easier money conditions and an increased

supply of mortgage money have helped the real estate market materially, and in spite of the usual winter dullness there is a good volume of business going through the brokers' offices. Downtown business property in the larger cities is much more active than it has been for many months.

Business failures here, as elsewhere in the country, are abnormally heavy, running sharply ahead of the corresponding period of last year. The failures are widely distributed both as to locality and line of business and there is no evidence of any new strain anywhere. For the last two or three weeks it has seemed as though there was some slight improvement, and we are inclined to believe that we have seen the worse in this respect.

INDUSTRIAL TRUST COMPANY
ELECTIONS

On November 29 the board of directors of the Industrial Trust Company of Providence, R. I., elected the following officers: Chairman of the board, Col. S. M. Nicholson; vice-presidents, Eben N. Littlefield, James R. MacColl; directors, Harry Parsons Cross, George M. Parks.

Col. Nicholson is perhaps best known as



COL. S. M. NICHOLSON

Recently elected chairman of the board Industrial Trust Company of Providence

All the Modern Languages

Conversationally taught by native instructors, thus assuring correct pronunciation and accent.

With the rapidly increasing financial and commercial relations between America and other parts of the world, a knowledge of one or more foreign languages is invaluable.

Branches in over 300 leading cities in America, Europe and Africa. Pupils traveling may transfer the value of their lessons from one city to another without additional cost.

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218 Livingston Street, Brooklyn, N. Y.

the president and general manager of the Nicholson File Company, Providence, and the American Screw Company, Providence, both of which concerns he has maintained as very profitable enterprises. He is also an officer or director in eighteen other corporations. Born in Providence, he is sixty years old. His widespread business interests have given him a national reputation as an industrial and financial leader. He was a delegate to the Republican national convention in 1904 and a presidential elector in 1916. Besides being a member of several local clubs he also holds a membership in the Union League, New York Yacht, Metropolitan, Bankers, India House and Machinery Clubs of New York.

Eben N. Littlefield is a director of several large Rhode Island corporations. He is a commissioner of sinking funds of the

State of Rhode Island and the city of Pawtucket, vice-president and trustee of the Pawtucket Memorial Hospital, president and a director of the Pawtucket Safe Deposit and Trust Company and president and director, Pawtucket Institution for Savings.

James R. MacColl is president and director of the Morris Plan Company of Rhode Island, chairman of the National Council of Cotton Manufacturers, a member of the executive committee of the National Association of Wool Manufacturers and a trustee of the Pawtucket Memorial Hospital. He is also a director in the Chamber of Commerce of the United States and a large number of well-known corporations.

Harry Parsons Cross is a graduate of the Harvard Law School and has practised in Providence since 1901. He was chairman of the Republican state convention in 1906 and the next year received his appointment as assistant attorney general. He is a director in several corporations and a member of the Rhode Island Bar Association and the Yale Club of New York.

George M. Parks is manager of the Rhode Island branch of the Massachusetts Mutual Life Insurance Company and a director of the Hope Webbing Company of Rhode Island.

Park Trust Company

Park Building, 511 Main Street
WORCESTER, MASS.

Capital \$300,000

Surplus and Earnings..... 202,520

F. A. Drury, President.

T. J. Barrett, Vice-President.

H. M. Abbott, Treasurer.

Frederick J. Bye, Assistant Treasurer.

Send us your Massachusetts collections.

Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, and Tennessee

ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By THOMAS EWING DABNEY

AN interesting phase of the present business situation is that while large establishments have found things dull, the small neighborhood stores have found them very brisk.

This is taken to mean that the laboring man and the employee is continuing to earn good money, despite the general retrenchment in employment and the drop in wages. The neighborhood stores cater to this element; the other stores to an entirely different class.

Business has been dull there because of the warm weather that held over so far into November. The winter buying of the better-off element hung fire. But the buying of those whose wants are more elemental and more immediate went right on, and they had the money to buy with.

General business conditions in the South made slow progress during October, according to reports to the Sixth Federal Reserve Bank. Cotton weakened somewhat. The feeling of business men, however, is no less optimistic than it was when cotton was slanting skyward. Though many sections of the South raised so little cotton that they will not be able to benefit materially from its higher price, there is encouragement in the fact that more foodstuffs were produced this year in the South than in a long time.

The business by the department stores of the South shows reductions below last year's levels, but the volume of goods that is moving is considerably larger. Buying is principally confined to necessities; luxuries are a drug on the market.

Figures compiled from representative department stores show that October's business this year was 16.1 per cent. below that of October, 1920, in Atlanta; 31.2 per cent. lower in Birmingham; 9.4 per cent. lower in New Orleans; 24.6 per cent. lower in Savannah; and an average of 15.1 per cent. lower throughout the district.

From July 1 to October 31, Atlanta was 30.6 per cent. lower; Birmingham 33.0 per

cent. lower; Nashville, 17.7 per cent. lower; New Orleans, 11.4 per cent. lower; Savannah, 27.2 per cent. lower; and the average for the district was 31.3 per cent. lower.

These figures show that there has been improvement in the period July-October, for the later months overbalance the more unfavorable showing of the earlier.

New Orleans has steadily maintained its lead over other southern cities, despite the low price of sugar and its effect in the situation.

In the wholesale business, increases have been shown in all lines except dry goods, drugs and farm implements. The dry goods trade averaged 14.2 per cent. lower in October than September; the drug, three per cent. lower; the farm implement, 20.9 per



The Branch
Our First President

Merchants National Bank

RICHMOND, VA.

Capital . . . \$400,000
Surplus and Profits over 1,825,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank Baltimore, Md.

Capital, \$1,500,000

Surplus, \$1,000,000

WALDO NEWCOMER, President
SUMMERFIELD BALDWIN, Vice-President
CLINTON G. MORGAN, Vice-Pres.

JOSEPH W. LEFFLER, Cashier

WILLIAM R. WEBB, Asst. Cash.

cent. lower. The wholesale dry goods trade, however, was twenty-three per cent. greater in October, 1921, than in October, 1920; decreases were registered in the other two lines. Wholesale groceries, hardware, shoes, furniture and stationery were from .6 to 22.3 per cent. higher in October than September, and higher, except in the case of groceries and stationery, than in October of last year.

Estimates of production by the United States Department of Agriculture of the principal crops, show some interesting developments. Georgia's corn crop is said to be the largest on record. Alabama, Florida and Louisiana are also increasing their crop. Tennessee's crop will be about 600,000 bushels below last year's.

Larger crops of sweet potatoes are reported in Georgia, Louisiana and Tennessee, though Mississippi's have suffered severely from the dry weather.

The Irish potato crop in Louisiana and Georgia is larger than last year's, but in Tennessee, it is one of the poorest on record.

Tobacco production is reported smaller than last year's.

In Florida, excellent harvesting conditions

are reported. Money production has shown an increase, with an average of forty-five pounds per colony, compared with thirty-seven last year, but sixty in 1919. Citrus was damaged only ten per cent. by the fall storms.

Dry weather has been detrimental to the best development of sugar cane, fall sown oats, and truck crops in Louisiana, but ideal for harvesting rice, sugar cane, corn and other crops.

In Mississippi, it has been found that sorghum makes a more profitable yield per acre than other crops for ensilage purposes, and there is extensive acreage in that line.

The level of prices paid producers of foodstuffs in the United States increased an average of 2.1 per cent. during September; during the past ten years, they have usually dropped an average of 4.8 per cent. in this month. Prices are now about twenty-nine per cent. lower than the average of the last ten years.

Labor conditions have been steadily improving. Unemployment has dropped off.

In the textile lines, production this year is running ahead of the same period of last year. Many mills are running at full capacity, and it is expected that this condition

First National Bank

Richmond, Virginia



The Old First--Established in 1865

Capital and Surplus . . . \$3,500,000

Resources 30,000,000

OFFICERS

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C. R. BURNETT Vice-President
ALEX. F. RYLAND Vice-President
S. P. RYLAND Vice-President
S. E. BATES, Jr. Vice-President
THOS. W. PURCELL, V-Pres. & Tr. Officer
JAMES M. BALL, Jr. Cashier

ALWAYS a leader in the promotion of industrial and commercial enterprises of the South, and exceptionally well qualified to handle the accounts of banks, corporations and individuals.

will be improved with the turn of the year, for there is little doubt but that cotton will rule higher—especially in view of the fact that the pink boll worm has been discovered in Texas, Oklahoma, Arkansas and New Mexico. How far the infestation has spread, is not known; but it is the consensus that the possible if not actual reduction of the supply of the staple will cause prices to rise, with a corresponding effect on business which always responds more readily to a rising than a falling market.

In the iron and steel district of Alabama, more furnaces have been put into operation. Steel, as everybody knows, is the basic industry. Steel production generally made a material increase in October over September. This is considered an unfailing barometer.

An improvement in the coal production of Alabama is reported. This is in line with the general improvement in that industry.

The prices of naval stores have rallied. The demand for turpentine is greater than the demand for rosin.

Business as reflected in the movement of checks through banks in the sixth district during October was 17.5 per cent. less than

for the same month of the year before, but 9.3 per cent. greater than the month before. At Nashville and Vicksburg, there were increases over October, 1920.

Total loans and investments by member banks of the reserve system in the sixth district show a slight decrease. They were \$461,461,000 in November as compared with \$461,628,000 the month before, and \$568,840,000 the same month last year. Demand deposits were \$217,880,000, an increase of

Bank of Charleston, N. B. A.

CHARLESTON, S. C.

Capital 1,000,000
Surplus and Profits . . . 1,000,000
Resources 15,000,000

E. H. Pringle, Pres.
E. H. Pringle, Jr., Vice-Pres.
R. S. Small, Vice-Pres.
A. R. LaCoste, Vice-Pres.
G. W. Walker, Cashier.
J. H. Lucas, Assistant Cashier.
C. N. Fishburne, Asst. Cashier.

Special attention given to city collections.
Drafts on Charleston drawn with exchange remitted without charge.



FIRST NATIONAL BANK OF RICHMOND, VA.

The First National Bank of Richmond, Va., a few years ago moved into its new twenty-story building. Since that time the traffic has increased so much that it became obvious that a clock well-placed would be of great convenience to pedestrians.

The four-faced bronze clock shown above was designed by Alfred C. Bossom, New York architect, and is one of the largest of its kind in this country. It measures fifteen feet from the bottom of the bracket to the top of the eagle's wings, and is electrically controlled which insures its correct time always. Its great weight made it necessary to secure it to the steel fabric of the building, this being accomplished with such success that the great mass of the clock stands free and clear of the building while it is impossible to see where the stone has been cut to fix it to the building.

\$9,104,000 the month before, but \$28,146,000 less than the year before. Time deposits were \$142,560,000, compared with \$139,440,000 the month before and \$148,183,000 the year before.



TO BUILD NEW BRANCH

The American Trust Company of Richmond, Va., an affiliated institution of the American National Bank, is building an attractive branch in the uptown residential section of the city. This branch will serve in the capacity of a "neighborhood bank"

to a large number of the city's west end residents.

CHATTANOOGA BANK'S ANNUAL DINNER

The Chattanooga Savings Bank of Chattanooga, Tenn., gave its annual dinner to its employees on December 22, 1921.

W. B. DRAKE, JR.

W. B. Drake, Jr., was recently elected president of the Mechanics Savings Bank of Raleigh, N. C., succeeding Col. Charles E. Johnson, who has retired after twenty-six years with that bank.

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

PROFITS of banks for the year now closing have been generous, but not nearly so large as those of the previous year. In this year net earnings of thirty to fifty per cent. before taxes by large Chicago institutions were not uncommon, while those of a number of outlying banks with heavy holdings of savings accounts and all the good commercial paper they desired at eight per cent. ran as high as sixty or sixty-five per cent. This year there have been some losses to write off, deposits are not so large as they were twelve months ago, and commercial paper is almost down to a five per cent. basis, as compared with the previous eight, while customers' loans are at six to eight and one-half per cent., a drop of nearly two per cent. in the year. Nevertheless dividend rates have been well maintained and there have been many increases, especially among the smaller institutions of recent rapid growth. Failures have been very few, and confined almost entirely to the region that was most affected by the land speculation of two years ago and was overburdened by livestock and grain loans which have been slow in liquidation. The principal effect of the shrinkage in the year's business is noticed in a marked reduction in the number of bonuses distributed among employees, and in their size. Just before the holidays last year the voting of extra compensation to the amount of twenty or twenty-five per cent. was common. Profits had been good and the cost of living was high and it was sought in this manner to bring about a more equitable balance between the two. This year the large downtown banks of Chicago have as a rule given no bonuses, but a great many of the outlying institutions have kept up the practice. Ten or fifteen per cent., however, is the maximum gratuity, and in many cases the figure has been reduced to five per cent. The Federal Reserve Bank of Chicago was among the first to announce that no bonus would be given, and while there was no concerted action on the part

The Heart of the Nation

A great triangle with Glacier Park,
Niagara Falls and the mouth of the
Mississippi for its corners—

The heart and bread basket of the
United States—

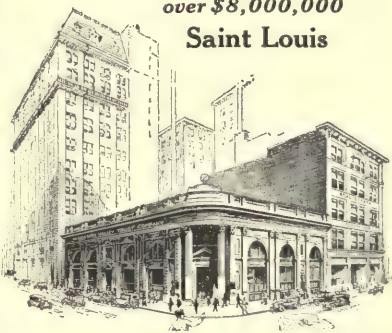
A well rounded financial and trust
institution which aims to meet the
needs of this great valley.

Mississippi Valley Trust Co.

Organized 1890

**Capital, Surplus and Profits
over \$8,000,000**

Saint Louis



of others, the example was generally followed. The outcome probably would have been the same in any event, the reserve bank's leadership being merely accidental.

Retail business of the holiday season was good, but not heavy. As one of the leading wholesalers expresses it, the merchant who was wideawake and pushed his trade did very well, but the one who sat back disconsolate, expecting slow buying, found that his expectations were realized. Distribution of toys, fancy goods and kindred gift articles was satisfactory, but the public was more inclined than usual to make use of serviceable merchandise for the purposes of the season. This disposition gave

Super-Safety



LOOK FOR
"THE MARK OF SAFETY"
Protected by individual bonds of
The American Guaranty Company.
These checks are the safest you can use.

**SUPER-SAFETY
Insured
BANK-CHECKS**

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**For the greater protection
of you and your depositors
without increased cost.**

In hundreds of towns and cities these INSURED checks are now already being used by banks as a powerful influence to attract new business.

A Master Bond, beautifully designed and framed to hang in the lobby, protects each bank. Individual Bonds guard your depositors, providing most perfect identification also. They give banks a fine "point of contact" in their constant visible evidence of security against check raisers. Is your bank helping to prevent a loss estimated at \$30,000,000.00 for a single year?

Write us or see our representative

The Bankers Supply Company

*The Largest Manufacturers of Bank Checks
in the World*

New York Chicago Denver
Atlanta Des Moines San Francisco

articles of apparel and household furnishings a little larger share of the holiday distribution than they normally enjoy. The total turnover probably was a little ahead of last year's in volume, and a little behind in dollars.

It may be said without intending to be at all disquieting that wholesalers expect an increase in the number of failures among smaller tradesmen after the turn of the year, when the taking of inventories is concluded. There are still some who have not recovered from the over-expansion of two years ago and the subsequent drop in prices, but who have been struggling along hoping for a big holiday trade this year to pull them through. The year-end selling season has not been prosperous enough to solve the financial problems of all these hopeful ones.

Conditions in the wholesale field are better than they were at the beginning of 1921. Orders are running ahead of the figures of twelve months ago and the ratio of volume to orders also shows an improvement. The gains reported just before traveling forces came in for the holidays was in both road orders and those by mail. Two lines in which the improvement was regarded as especially significant are jewelry and rugs. These have both been slow for a good while, but now are running ahead of last year. Shoes are in better demand following further reductions in prices and the removal of the luxury tax on grades of footwear above a certain price is also expected to help business in this department. Mild weather in the fore part of the winter had an unfavorable effect on the movement of heavy apparel, especially women's suits and coats, in which buying has been below expectations. Knit outer garments, underwear and hosiery are in good demand. The grocery business is feeling the effect of industrial inactivity and consequent unemployment probably more than any other. Prices of retailers show little modification, and the trend of trade toward the chain store is becoming more pronounced. This is true not only in the larger centers, but in the interior, and may be responsible in part for reports of lagging retail trade which come from the country districts and to failure of the business of the large mail order houses to show the improvement that had been expected. Buyers are showing greater discrimination all the time and a difference of a cent or two on articles of common use is becoming a more important trade factor.

The year has added more billions to the losses of farmers due to shrinkage in the

values of their products. Wheat, corn and oats declined almost continuously for ten months, reaching their low points in November. Prices had a rally of 2 to 8 cents after that, but the year is going out without much sign of encouragement. Marketing throughout the crop season has been unusually heavy, and even now, in spite of the low prices prevailing, primary receipts of grain are about twice as heavy as at the corresponding time last year. Economic conditions the world over seem to be the dominant influence, setting at naught developments which in ordinary times would make operations for an advance easy. Among these are the fact that of an exportable surplus of 200,000,000 bu. of wheat, 195,000,000 bu. already have been shipped abroad, a drought in the southwest of unprecedented severity, which threatens to curtail seriously the coming crop of winter wheat, a good export demand and improvement in the foreign exchange markets, not to speak of developments in the conference at Washington which seem to bring nearer an era of international peace and the economic rehabilitation of nations prostrated by the war. In the field of grain speculation the twelvemonth has been heartbreaking. Nearly every trader has been on the long side of the market and has paid the price of too great faith in theories based on statistics which seemed to make advancing prices certain. The result is that current speculative business is only about fifty per cent. of normal. Few, in either city or country, have money with which to trade.

Prices of building materials continue to strengthen, but the movement probably is more anticipatory than due to any increase in activity of construction work. The open-shop movement directed by the citizens committee of Chicago, in which are grouped virtually all the banking and employing interests, is making headway, and promises to bring about substantial improvement when spring operations begin. Plenty of money is being provided and the plans of the committee have been formulated with great thoroughness. It is intended to bring in non-union workmen in all branches that refuse to accept the Landis award, to provide adequate protection for those who employ these men and insurance against loss through violence. Dwelling and apartment houses construction is going ahead very well, considering the season, but many large projects are still held up.

Savings deposits continue to make a surprisingly favorable showing in spite of the drain usual at this time of year, unemployment and the cost of living. Many banks



Developed through the growth and experience of more than half a century

The First National Bank of Chicago

James B. Forgan, Chairman of the Board
Frank O. Wetmore, President

and the

First Trust and Savings Bank

James B. Forgan, Chairman of the Board
Melvin A. Traylor, President

offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

Combined resources over
\$375,000,000

report recovery from the downward tendency of the summer and a gain which is steady, although small. Investment demand holds up well, and new security issues of merit are placed without much effort. Municipals steadily increase in strength and recently have broken through a four per cent. basis in exceptional cases. Some suspicion attaches to belated financing which evidently is being put out to take advantage of the excellent market by virtue of an eight per cent. coupon, but the public demand is so strong that a good deal of this corporation paper is being absorbed. High grade bonds still have the call, however, and there is considerable buying of liberties, even after their ten-point rise.



UNION TRUST TO ENLARGE BROADWAY OFFICE

Work has already begun upon the remodeling and enlarging of the old Broadway Bank office of the Union Trust Company of Cleveland, at Broadway and East Fifty-fifth street.



P. J. SLACH

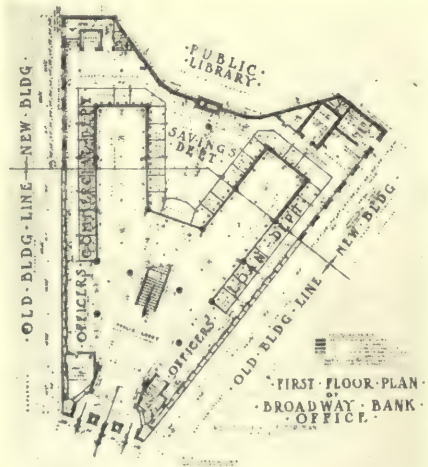
Vice-president Union Trust Company of Cleveland
in charge of the Broadway bank office

The Broadway Bank office at present occupies two buildings, the old building on the north side of Broadway, at the corner



Broadway bank office of the Union Trust
Company of Cleveland

of Fifty-fifth street and, temporary quarters on the south side of Broadway, opposite the old building. The savings department, at present, occupies the old build-



First floor plan of the Broadway bank office

ing and the commercial foreign exchange and other banking departments are housed in the temporary quarters. The purpose of the remodeling and enlarging of the old building is to allow the commercial, foreign exchange and other banking departments to unite with the savings department under one roof.

The old building at present is a three-story brick and stone structure, eighty-five feet on Broadway, eighty-eight feet on East

Fifty-fifth street and fifteen feet on the corner, and houses a bank with fifteen cages. The new building will be 138 feet on Broadway and 138 feet on East Fifty-fifth street.

By knocking out the rear wall of the present building and extending the old lobby back on two wings in the form of a "Y" a new lobby will be created, approximately three and one-half times the area occupied by the present lobby. This will provide thirty cages for this bank office with room for a future expansion of ten cages or a total of forty.

The officers' space, which will be adjacent to the front entrance on both sides of the lobby, will be four times the present area.

The second floor of the building, at present divided into apartments, will be made a mezzanine floor by cutting through over the old lobby and making the public lobby in the front part of the bank two stories in height.

The safe deposit department will be reached by a large staircase, centrally located in the lobby, descending to an ample lobby in front of the safe deposit vault with ten adjacent coupon rooms, a committee room for bank and public use, and women's and men's public rest-rooms. In order to accomplish this the entire basement floor will be lowered twenty inches, giving ample headroom for the future extension of bank cages in the basement.

The commercial tellers will occupy cages along the Broadway front. The loan cages and foreign exchange will be placed along the East Fifty-fifth street side. The savings tellers, both paying and receiving, and new account counter will be in the form of a semi-island, coming forward into the lobby from the rear.

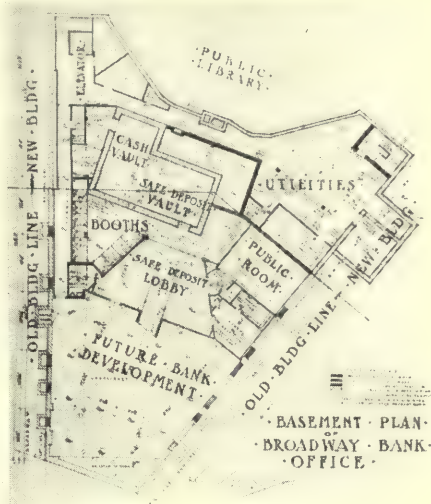
The second floor, or mezzanine, will be occupied by the private office of C. M. Stafford, vice-president. On this floor will be located the bank committee room telephone operator and switchboard, men's and women's locker rooms, employees rest room, kitchen and dining and club rooms for the employees.

On the second floor, along part of the East Fifty-fifth street front, accessible by stairway from the street, will be six offices to be occupied by doctors or dentists.

The third floor will contain apartments, as at present.

The front of the building will be re-modeled, increasing the height of the columns so as to indicate from the outside the two-story banking room within. The new columns and arches will be of limestone.

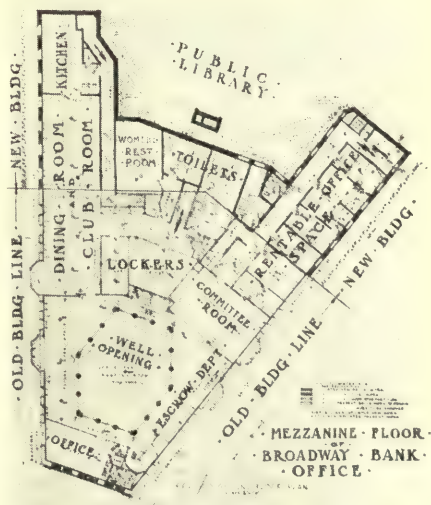
There will be an electric elevator money lift, connecting the main banking floor with



Basement plan of the Broadway bank office

the basement, where the main bank vault is located, and a special mortgage vault in the rear of the main floor.

Although work is commencing immediately on the enlargement, the savings department will continue to operate in the old building until January 15, at which time they will move across the street into the temporary quarters. It is expected that the enlarging and remodeling of the old building will be completed by June 1 and as soon as the building is complete the entire bank



Mezzanine plan of the Broadway bank office

PEABODY COAL OUTPUT SELLING



Take advantage of a nation-wide contact with present markets — practical judgment as to the market's future trend. Save expensive experiments on contemplated mining operations.

As your salesmanager

The Peabody Plan gives you the benefit of information gained by distributing millions of tons yearly. We can replace a selling organization costly to a small mine with the profitable economies of our sales-management service.

*Descriptive illustrated booklet
mailed on request*

PEABODY COAL COMPANY

Founded 1883

332 So. Michigan Ave. • CHICAGO

Operating 36 bituminous mines in 11 fields with
annual capacity of 18,000,000 tons

will move back across the street into the remodeled building.

The Broadway bank office is in charge of P. J. Slach, vice-president of the Union Trust Company.



CAPITAL STATE SAVINGS BANK OF CHICAGO

The board of directors of the Capital State Savings Bank of Chicago have declared the regular quarterly dividend of

one and one-half per cent. and an extra dividend of three per cent. payable to stockholders of record December 31; also a bonus of ten per cent. to all employees. It has been voted to increase the capital stock from \$200,000 to \$300,000 and the surplus from \$50,000 to \$100,000.

SCHOOL IN A BIG BANK

The First Wisconsin National Bank, of Milwaukee, has a well worked out system of classes for the 450 employees on its rolls, and the youngest among them are obliged to attend regularly. President Oliver C. Fuller has in his institution an education committee, of which Cashier A. G. Casper is chairman, whose functions are those of a board of education, and an educational director devoting his full time to the bank's educational work. The latter is Arthur H. Lambeck, a graduate of the University of Wisconsin, who for a number of years was on the faculty of one of the Milwaukee high schools.

All employees are given opportunity for study to fit themselves for advancement. Classes for pages, messengers and junior clerks, ranging in ages from fifteen to twenty years, are held early in the day on the bank's time and attendance is compulsory.

Pages must attend two periods a week, at 9 a. m., instruction being given in the duties of page, spelling, English and arithmetic.

Messengers must attend one period a week, at 8.15 a. m., instruction being given in English, business arithmetic and elementary banking. The First Wisconsin has written its own text book for this year's instruction in the latter subject.

Junior clerks must attend one period a week, at 8.15 a. m., instruction being given in commercial arithmetic, trade and industry and elementary banking.

The other classes are conducted evenings and all employees are encouraged to carry on some business study, either in the bank's own classes or elsewhere in night courses or by correspondence.

The senior clerks meet once a week. Last year twenty-four studied the banking practice course of the Benjamin Franklin Institute, twenty-two studied the business science course of the Sheldon school and twenty-seven the modern business course of the Alexander Hamilton Institute. Half the cost of such courses is paid by the bank. The program this year includes one class in modern business, two in banking practice, one in business English and one in literature, the latter wholly for cultural purposes.

Buying and Selling

orders for Liberty Loan Bonds and Victory Notes promptly executed.

Nominal market quotations on Liberty Bonds are furnished daily upon request.

Correspondent banks are invited to use this service.

General Banking Trust Service Investments
Foreign Department

The NATIONAL CITY BANK of CHICAGO

DAVID R. FORGAN, *President*

Bond Department
R. U. LANSING, Vice President & Manager

Banks and Bankers Department
F. A. CRANDALL, Vice President

There is given also weekly instruction in letter-writing and English for stenographers. Two classes in sewing are given for the girls of the bank.

NORTH-WESTERN BANKS ANNOUNCE CHRISTMAS BONUS

The directors of the North-Western Trust and Savings Bank, Milwaukee avenue and Division street and the Second North-Western State Bank, Milwaukee and Central Park avenue, declared a bonus of ten per cent. of their annual salaries to all employees. These banks recently instituted an employees' capital stock purchase plan whereby employees may purchase stock of the bank on the installment plan. Over ninety per cent. of the employees have availed themselves of the privilege of this plan and have become stockholders of the institutions.

APPOINTED MEMBER OF EXECUTIVE COUNCIL

John G. Lonsdale, president of the National Bank of Commerce in St. Louis, and president of the National Bank Division of the American Bankers Association, has been elected a member of the executive committee

of the American Acceptance Council.

Paul Warburg is president and E. C. Wagner, vice-president of the Discount Corporation of New York, is chairman of the executive committee.

The selection of Mr. Lonsdale for a place on the executive committee is a recognition of the increasingly important role that the West and Middle West is taking in the acceptance business.

"The American Acceptance Council has done fine work," said Mr. Lonsdale, "and can be a most valuable factor in further developing the American Acceptance method of financing along proper and sound lines. It can also be a great help to business in general by encouraging the gradual return to greater volume of foreign trade."

WALTER B. WEISENBURGER

Walter B. Weisenburger, secretary to John G. Lonsdale, president of the National Bank of Commerce in St. Louis, has been elected chairman of the members' conference of the St. Louis Chamber of Commerce. The members' conference represents the Chamber's entire membership of 5,000. Mr. Weisenburger is the youngest man to be honored with this position.

1865



1922

ESTABLISHED OVER HALF CENTURY

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Manufacturers of

STRICTLY RELIABLE

FURS

Annual Reduction Sale

We are offering our entire manufactured
stock at greatly reduced prices

126 WEST 42d STREET . . . NEW YORK

Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico and Oklahoma

ECONOMIC CONDITIONS IN THE WESTERN STATES

By SAMUEL SOSLAND

HARDENED and tried by unfavorable markets for two years, the western states are entering 1922 with determination to restore prosperous conditions in their banking and their general business activities. No section of any country could possibly be better equipped so far as being hardened and tried is concerned, for the West has undergone many disappointments and has faced numerous critical situations in recent months. The wounds of these difficulties have not yet been entirely healed. There are still many frozen bank loans. The purchasing power of producers is still low. However, the ability of produce was never so great as at present. Besides, the West is counting on better times among its customers—the consumers of the world. So there is more hopefulness.

One factor which is helping the West today and which promises to continue to help it for months is its spirit of economy. The seedling of winter wheat in Kansas was extended over a long period simply because the farmers desired to spend as little money as possible for outside labor. Mail order houses are reporting a small business because of the spirit of economy among farmers. True, some of this economy is forced by the fact that live stock and grain prices are comparatively low, but the growing desire to husband resources means that the financial strength of the western states is being improved. Bankers are feeling this in their daily transactions. In time, this spirit, together with the productive capacity of the West, will bring better business here. The speed with which recovery is made will be determined by the rate of progress of the world's consumers, including those domestic and those in foreign markets, in adding to their purchasing power.

One of the first industries in the West to be hit by a downward readjustment of prices was the sheep and wool business. Happily, it displays a better tone. Feeders of sheep in Colorado and other states who lost large sums last winter are pocketing

generous profits. Their bankers who financed them are not only being promptly paid off but they are enjoying the pleasure of getting additional deposits from their customers. This is a decided change for the sheep country, and, of course, very heartening. From as far East as Buffalo offers have come to the feeders of Colorado to contract their fat lambs at profitable prices—so strong is the market for that stock. In the case of cattle and hogs the situation is not so favorable, this being especially true of cattle. Horses and mules are also in an unfavorable position.

Just now improvement in the trade in cattle and corn would do more to strengthen the economic structure of the West than any other development. In the case of cattle, feeders are experiencing a situation just the reverse of that reported in the sheep industry. Losses are again the rule on cattle feeding operations despite the fact that thin cattle were laid in the past seasons at prices showing a decline of fifty per cent. from 1920. The cattle market lacks a broad demand for beef. The great abundance of feedstuff is stimulating cattle feeding operations, but the output apparently is in excess of the demand. Cattle prices are at a new post-war level. There has been a slight strengthening in the market for corn but prices are too low to make for improvement in the business of the corn states such as Nebraska. There is a close relationship between cattle and corn prices. If cattle rise, corn will improve. Hogs are at a new post-war level, but are still profitable compared with the prevailing quotations on corn. The hog market needs better buying by Europe. As soon as this develops, hog prices are expected to rise and assist in carrying corn to a more profitable level.

Wheat prices have been irregular, but show slight improvement. The market, however, lacks underlying strength owing to the disappointing demand from Europe and the seasonal dullness in the trade in flour. A new factor in the wheat market is the dry weather in Nebraska, Kansas and Oklahoma. These three large winter wheat states, with an extensive acreage seeded for the 1922 harvest, have been without adequate mois-

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ture all season. Some of the newly sown wheat in these states has not yet germinated. Winter wheat, however, is a hardy plant, and the hope is expressed by grain dealers that it will yet mature into a good crop. There was nervousness last winter over the lack of moisture but the crop finally proved to be of generous proportions.

While the cattle market is unsatisfactory, there is satisfaction in the fact that the ranges in the West are on the whole experiencing favorable conditions. Montana has had severe storms, but the West in general is abundantly supplied with feed and in a position to go through the winter with a minimum of expense in carrying its herds of live stock.

Banks are looking to cattle and corn for more liquidation of loans. So far as liquidation from cattle is concerned, the range states have contributed about all that may be expected of them until the arrival of the next grass season. In the case of wheat no great volume of liquidation is expected because the bulk of the 1921 crop has been sold. As increase in liquidation from corn depends largely upon an advance in prices. In rural districts there is an extensive volume of loans outstanding among merchants, but they are so closely related to farmers and stockmen that whatever liquidation bankers are urging them to accomplish will have to come through an increase in the purchasing power of farmers. In the oil producing areas banks are witnessing better credit conditions, but smaller refiners are pressed in many instances by the disparity between the crude market and the quotations on refined products.

Unusual banking problems stand out quite prominently in the economic situation in the West. Oklahoma is attracting attention on account of the difficulties of the state banking board that is engaged in

carrying out the provisions of the state bank guaranty law. Nearly 100 Oklahoma state banks have applied for admission into the national banking system in order to escape the drain of assessments forced upon them by the state guaranty law. In the northwest scattered state banks are still facing the problem of making their low cash reserves carry them through until the proceeds of another harvest become available.

War Finance Corporation loans are proving more important than anticipated. Some bankers who at first questioned the desirability of the War Finance Corporation credit offers are now happy over the great assistance it is lending toward relieving the tense position of many country banks. Many of the large banks at reserve centers are diverting demands made upon them for loans to the various agencies of the War Finance Corporation. It is probable that demand for War Finance Corporation money in the West will be heaviest next spring.

In the general commercial and industrial fields, probably most activity has been apparent in the construction of apartments and dwellings. Just now, of course, the weather is not propitious for this work. There is activity in drilling for oil but moisture conditions in Oklahoma and lack of pipe line facilities in Wyoming have restricted this work. The copper and other mining industries are still dull. Coal production is at low ebb. Lumber producers are planning for a year of active business, asserting that hardly fifty per cent. of the large volume of building permits of the past year matured into new structures. It is their opinion that new construction work will increase.

Agitation for lower freight rates continues. It is argued that readjustments are far from complete in the tariffs of rail-

The Omaha National Bank

OMAHA, NEBRASKA

Established 1866

Capital	\$1,000,000
Surplus (Earned)	\$1,000,000
Total Resources (Over)	\$30,000,000

Joseph H. Millard, Chairman of the Board

Walter W. Head	President
Ward M. Burgess	Vice-President
B. A. Wilcox	Vice-President
Frank Boyd	Vice-President
O. T. Alvison	Assistant Cashier
J. A. Changstrom	Assistant Cashier
W. Dale Clark	Assistant Cashier
Edward Neale	Assistant Cashier

Direct Transit Facilities

The result of years of effort to improve service to correspondent banks

roads. There is an almost general disposition to wait patiently for railroads to modify their expenses to permit lower freight charges, but each day of delay in the making of revisions hinders business recovery.

The sensational advances in bond prices have enabled scattered corporations to refund bank loans, with favorable results on the position of banks. When the money market first began to decline distinctly in the East, however, the West expressed the hope that it would prove beneficial on the prices of its products. However, the West is to date disappointed so far as this hope is concerned. It feels that if the tremendous credit resources of the Federal Reserve banks are utilized more and more in business, it may yet enjoy a rise in the prices of its products. But world conditions are not regarded as favorable for such a turn immediately unless concerted action toward bringing improvement in European financial affairs is taken at some international conference and backed up by a policy of greater constructive work on the part of the old world. There is a possibility of temporary inflation, but the West is skeptical of such a development on its commodities in view of the international character

of the markets where it disposes of its products.



BECOMES CASHIER OF THE BANKING CORPORATION

An important event in financial circles in Helena, Mont., was the announcement made recently by G. W. Casteel, president of the Banking Corporation, that Fred D. Williams, who has been chief examiner for the Helena branch of the Federal Reserve Bank, since its establishment, has resigned that position to become associated with the Banking Corporation of Montana, where he will have the handling of matters formerly handled by A. T. Hibbard and the official title of cashier, succeeding H. G. Ish, who retires. Mr. Williams will finish up the details of some special work that he has been handling and expects to be on the job at the Banking Corporation the first of next week.

Mr. Williams has had an extensive and valuable bank experience as an examiner, having been with the state department for several years. He was receiver for the State

Savings Bank at Butte and after the termination of the receivership was appointed chief examiner of the Federal Reserve Bank in Helena.

President Casteel, in announcing the appointment of Mr. Williams as cashier, said that they considered this bank as fortunate in securing the services of a man of the sterling qualities and extensive acquaintance and special fitness, that Mr. Williams possesses.

The Banking Corporation was established in 1913 and started operations exclusively as a farm mortgage bank and occupied the position of the leader in that business for several years. Two years ago the bank was converted into a general commercial banking institution, at which time it discontinued making farm mortgages entirely, and at the same time interests associated with it, organized and secured a federal charter for the Montana Joint Stock Land bank to operate under provisions of the Federal Farm Loan Act in making loans to farmers at six per cent. interest, and all farm loans handled since that time have been placed through that institution.

On account of the fact that the Banking Corporation has in the past, conducted farm mortgage loan operations in practically every county in Montana, and the further fact that it has some 300 stockholders well scattered over the state, make it one of the best known banking concerns in Montana. At the present time it has correspondent relations with more than fifty banks, representing the principal cities and towns throughout the state.

ARIZONA BANKERS CONVENTION ELECTIONS

The Arizona Bankers Convention met at Castle Hot Springs, Ariz., November 28-29. The following officers were elected:

W. M. Beach, president, vice-president Salt River Valley Bank, Mesa, Ariz.

Charles F. Solomon, vice-president, president National Bank of Arizona, Phoenix and president Arizona National Bank, Tucson.

J. R. Todd, treasurer, manager Gila Valley Bank and Trust Company, Globe, Ariz.

Morris Goldwater, secretary, president

Commercial Trust and Savings Bank, Prescott, Ariz.

The members of the executive committee elected for three years were: A. T. Esgate, cashier Valley Bank, Phoenix, Ariz.; C. J. Waters, vice-president and manager Arizona Central Bank, Kingman, Ariz.; C. S. Thompson, cashier Bank of Bisbee, Bisbee, Ariz.

Member of the executive council for one year: W. H. Thomson, vice-president Phoenix National Bank, Phoenix.

BECOMES VICE-PRESIDENT

Bert K. Farmer, former assistant cashier of the Union National Bank of Tulsa, Okla., is to be vice-president of the Continental Bank and Trust Company of Shreveport, La.

MONTANA BANK NOW IN NEW HOME

The new home of the Commercial National Bank of Bozeman, Mont., is one of the most modern and up-to-date banking structures in the state, including every banking convenience for the comfort and service of its patrons.

The Commercial National Bank, under the name of the Commercial Exchange Bank, was organized in 1892, with a capital of \$40,000. The present capital is \$150,000.

The officers of the bank are: President, George Cox; vice-president, Charles Vandenhook; cashier, J. H. Baker; assistant cashier, Harry Grant.

The directors are: T. B. Story, Charles Vandenhook, George Cox, Joseph Kountz, John Walsh, J. H. Baker and R. S. Dawes. Philip Dodson is in charge of the safe deposit department.

O. L. CARLSON

O. L. Carlson has been elected an assistant cashier of the Merchants National Bank of Topeka, Kan. He will have direct supervision of the clerical forces.

WILLIAM H. DONAHUE

William H. Donahue, of Beggs, Okla., has been elected vice-president of the Oklahoma City Trust Company, of Oklahoma City.



Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,
Arizona and Alaska

ECONOMIC CONDITIONS IN THE PACIFIC STATES

BUSINESS is picking up. Everywhere there is evidence of prosperity. People are buying to a greater extent than they have for months, and there is a general feeling that the corner has been turned. There seems to be less unemployment on the coast than in the eastern cities.

Dealers in practically every instance are moving their old stocks and are now buying in larger quantities for future needs, whereas they were formerly purchasing only for immediate requirements. Overproduction is a thing of the past. This keener tone of business is very noticeable in the larger centers, and is viewed with satisfaction by far-sighted leaders of business and finance who see in the abounding evidences of economy and efficiency the foundation of prosperity.

Total loans, discounts and investments of banks reporting to the Federal Reserve Bank of San Francisco were reduced \$102,-120,000 during the year ended November 30. The demand for high grade investment bonds continues strong, and lists are pretty well depleted. The difficulty now is not to find investors but to find investments.

Prime commercial paper rules in the local market at five to five and one-half per cent. with conservative buying. Banks are accumulating surplus funds which dealers in commercial paper expect to come into the market, which has been quiet for several months.

Fundamental conditions in the lumber trade have shown a considerable improvement during 1921. At the present time lumber figures indicate that the present capacity to produce is only about sixty per cent. of what it was before the war. In 1915 the United States produced 45,000,-000,000 feet of lumber. The present capacity is estimated to be sufficient to produce approximately 32,000,000,000 feet. With the working out of stocks on hand the lumber companies have little deadweight inventory.

The need for housing accommodations in the United States is acute, but labor costs and freight charges, in combination with

high interest rates, have tended to deter the investment of capital in building enterprises.

It is estimated that New England is 11.68 per cent. short of normal. The eastern states are approximately 43.52 per cent. short of normal, the southern states 6.59 per cent., the middle west 8.13 per cent., the western states 9.69 per cent. and the Pacific states 20.39 per cent., a total estimated amount short of \$2,884,000,000. The normal annual relative building operations per capita is led by Los Angeles with \$71; the lowest is Baltimore with \$17.30; San Francisco ranks second with \$56.39, and New York third, with \$45.19.

All of these figures affirm the general belief in dormant building power. In what extent this dormant power, once awakened, will demand lumber products from the Pacific coast, it is difficult to ascertain. In view of the fact, however, that the East consumes approximately twenty per cent. of the Pacific coast lumber, exclusive of that consumed by railroads, it would appear an awakening of this dormant building power would have a tendency to consume approximately one-third of Pacific coast lumber.

The comparatively high building operations in Los Angeles and San Francisco, except for the period of the strike, has tended to keep the California market fairly good. Since the railroads are at the present time consuming but about eight per cent. of the normal thirty per cent., they consume of Pacific coast lumber, a gradual betterment in the condition of the railroads will have a direct effect in increasing the production of Pacific coast lumber for railroad consumption.

Hemlock timber from Washington and Oregon which only a few years ago was regarded by lumber manufacturers as all but valueless is being purchased in large quantities by Japanese importers, the material being used in the manufacture of paving blocks. This hemlock trade is a recent development, and the cost of such lumber to the importer is far below that of fir.

The demand from the East for wool continues strong. Prices are on a firm basis and on some grades advances have been

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Capital, Surplus and Undivided Profits \$2,250,000.00

Total Resources 20,047,726.81

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E. D. Tenney, *Vice-Pres.* E. F. Bishop, *Vice-Pres.*
Roxor Damon, *2d V.P.* G. G. Fuller, *2d V.P.*
Frank Crawford, *2d V.P.* R. McCorriston, *Cash'r*

Branch Banks:—Lihue, *Island of Kauai*;
Waipahu, *Island of Oahu*; Waiailua, *Island of Oahu*;
Kapaa, *Island of Kauai*.

Prompt handling of collections through close connections on each of the Islands in the Territory.

recorded. Of the wool remaining unsold, the larger part is classed as inferior.

Stocks of western canned fruits and vegetables in wholesalers' hands are steadily approaching normal, with conservative buying and firmer prices. Packers throughout the coast report complete liquidation of the 1920 pack.

It is estimated that the labor crisis will cause a loss of \$10,000,000 to Hawaiian sugar planters alone this year, and many plantations have not received enough for their product to cover the cost of production.



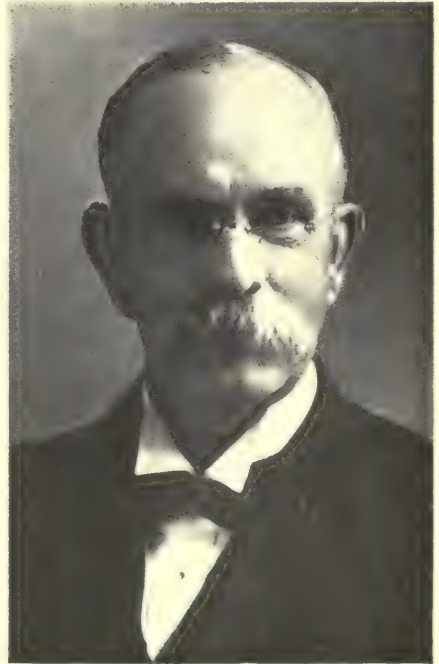
ADDISON WOOD NAYLOR

Addison Wood Naylor, organizer of the Commercial Bank, now the First National Bank and Berkeley Bank of Savings and Trust Company of Berkeley, Cal., and its president for many years, passed away on November 19, 1921, at the family home, 2227 Durant avenue. Mr. Naylor was stricken with his fatal illness four weeks prior to his death and had gradually failed in strength since that time. He was eighty years of age.

Mr. Naylor was born in Morgan county, Ohio, August 27, 1841, of Quaker ancestry. In the acquirement of his education he attended the Quaker schools, finishing in the St. Pleasant Seminary, Ohio, where he subsequently taught for a time. Ambitious to succeed and recognizing the value of a more thorough education, he then attended the Iron City College at Pittsburgh, Penn., from which he was graduated in August, 1864,

and resumed teaching, joining the staff of the normal school at Chester Hill, Ohio.

In 1865, he located in New Sharon, Iowa, where for a number of years he was engaged in the dry goods business, and he established in 1873 a private bank in that city, the cashier of which was Miss Anna King, the first woman to ever occupy such a position in the United States. Mr. Naylor remained in New Sharon until 1878, when he sold his interests in order to seek the larger opportunities of Des Moines. There he assisted, in 1878, in the organization of



ADDISON W. NAYLCR

Formerly president of the First National Bank and Berkeley Bank of Savings and Trust Company, Berkeley, Cal., whose death occurred on November 19

the Capitol City State Bank, of which he became the first president, continuing in that capacity with highly gratifying success for ten years. Disposing of his interests in 1888, he came to the Pacific coast, making his first home in San Diego, Cal., and afterward living in various places until in 1891, when he permanently located in Berkeley. Here, in 1892, he became a prominent factor in the organization of the Commercial Bank, which soon was converted into the First National Bank and the Berkeley Bank of Savings.

In 1906 a trust department was also established under his direction and the name of the last mentioned bank was changed to the Berkeley Bank of Savings and Trust Company. He held the position of cashier and manager of these institutions until the death of the president, Mr. Shattuck, when Mr. Naylor succeeded him in that office, serving in that capacity until January, 1918, when he was succeeded as president by his son, Frank L. Naylor, and was elected chairman of the board. Mr. Naylor was also instrumental in the organization of the South Berkeley Bank, later merged with the Berkeley Bank of Savings and Trust Company.

Mr. Naylor had, throughout his life, been active in the work of the Friends Church. During his three years residence in Southern California he became one of the directors of the Friend's College at Whittier, and had been one of the most interested members and workers in the First Friends church of this city, serving as Sunday school superintendent and officiating as an elder for a long period. For many years Mr. Naylor was a member of the Berkeley library board and did valuable service in that connection.

Mr. Naylor has friends innumerable, his fine character traits and simple kindly ways winning for him the confidence and love of all who came in contact with him in either a business or social way. As was his character, so have been the business interests with which he had been associated during his long life, substantial and honest, inspiring trust and confidence.

GUARANTY TRUST NOW GUARANTY OFFICE OF SECURITY TRUST

The Guaranty Trust and Savings Bank of Los Angeles is now known as the Guaranty office of the Security Trust and Savings Bank of Los Angeles. The change in name is occasioned by the merging of this bank with the Security Trust and Savings Bank, which took effect on December 3, 1921.

The personnel in charge remains the same. The bank's dealings with patrons are not affected in any way.

Total resources of the merged institution exceed \$150,000,000. Twelve banking offices serve Los Angeles, Hollywood, Long Beach, Pasadena, San Pedro and Huntington Beach.

The statement of the Security Trust and Savings Bank after completion of the merger with the Guaranty Trust and Savings Bank of Los Angeles and the Long Beach

Trust and Savings Bank; at the close of business, December 3, 1921, was as follows:

RESOURCES

Loans and discounts.....	\$90,922,320.54
U. S. Bonds and Certificates.....	10,655,199.13
Other bonds.....	22,453,073.41
Federal Reserve Bank stock.....	302,850.00
Real estate.....	325,834.87
Bank premises, including branches	2,696,153.56
Furniture and fixtures.....	579,050.05
Safe deposit vaults.....	292,270.38
Other assets.....	271,885.83
Customers' liability under letters	
of credit and acceptances.....	159,230.84
Cash and due from banks.....	23,614,974.13
Total	\$152,277,847.74

LIABILITIES

Capital	\$7,220,000.00
Surplus	2,780,000.00
Undivided profits	1,727,857.13
Reserve for interest and taxes.....	1,212,451.42
Interest collected not earned.....	80,784.35
Letters of credit and acceptances	162,138.46
Deposits	139,094,616.38
Total	\$152,277,847.74

BANK OF ITALY STATEMENT

The statement of the Bank of Italy as of December 30, 1921 printed elsewhere in this issue reveals a gratifying condition of this bank.

The deposits on the date named were \$177,867,610.68, capital \$10,000,000, surplus \$2,500,000, and undivided profits \$2,536,948.06. The total resources were \$194,179,449.80.

On July 3, 1922, the paid-in capital of the Bank of Italy will be increased to \$15,000,000 and the surplus to \$5,000,000.

The Bank of Italy, whose head office is at San Francisco, with a number of branches throughout the State of California, has had a remarkable growth, its resources increasing from \$285,436.97 in December, 1904 to \$39,805,995.24 in December, 1916, and to \$194,179,449.80 on December 30 last.

FIRST NATIONAL BANK PROMOTIONS

Several appointments and promotions of officers of the First National Bank of Los Angeles were recently announced by W. R. S. Hammond, vice-president and cashier.

The assistant cashiers appointed were L. S. Gilhousen, formerly auditor; W. H. Shaw, head teller in the note department; B. M. Elliott, teller in the notes for collection department, and P. M. Parker, the chief clerk.

George Kingdon, deputy auditor, was promoted to auditor. L. E. Jacobus and C. S. Tolley, junior assistant cashiers, were advanced to assistant cashiers. All of the appointments were made effective immediately.

Dominion of Canada

Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Newfoundland, Prince Edward Island and Yukon

ECONOMIC CONDITIONS IN CANADA

By J. W. TYSON

CANADA, with her relatively large exportable surplus of agricultural products and particularly wheat from the prairies, looks to the West to supply that buying power which will not only mean prosperity to the grain growers there but will be reflected in an extra—and therefore profitable—demand for eastern manufactures. The fact, therefore, that the profits of the western farmers are this year small and the buying power of the people greatly reduced promises to defer a return to prosperity and delay economic readjustment.

Bankers declare that Western Canada has never experienced a season in which surplus wealth has been so small. What looked like a good crop in the early harvest period—and this despite the fact that large areas had been burned out—was greatly reduced in value through inclement weather interfering with harvesting operations and reducing the grade. This condition aggravated a situation rendered serious by the slump in the markets for farm products, while expensive threshing and continued high freight rates cut further into the margin of profit—a margin which in some cases disappeared so completely that activities looking to marketing were discontinued because they threatened to show a balance on the wrong side of the farm operating account. Then, too, the slump in the live stock market, aggravated in Canada by the Fordney tariff, created a serious situation, particularly for those with short crops who could not face the situation of carrying their animals through the winter in the face of the prevailing prices for feeds.

Altogether then the western situation is not a satisfactory one and its influence on Eastern Canada will be directly felt. Buying power is at low ebb in most localities. Reports from over 200 bank managers in the prairie provinces to the *Financial Post*, indicate generally that only necessities can be purchased and that there will be no real improvement in this situation until another

harvest season at least. Payments on bank loans, mortgages and commercial accounts will be small. The banks and other financial institutions are doing their best to meet the situation and to co-operate to carry on until another harvest, but in some districts there have been poor crops for five years and the problem is a difficult one to solve. In other sections, however, where good crops have been experienced in recent years, the high prices received enabled the farmers to improve their reserve position and reduce their loans. The banks have given their assurance of every reasonable assistance in carrying live stock and the increased current loans during September and October, as indicated by the last bank statement, would seem to show that this policy is being generally followed as there is as yet little indication of increased need for money for commercial purposes.

Farmers in Eastern Canada generally are in a better position but they have also faced great reductions in the market prices for their products and are buying conservatively, while in industrial centers and in the timber districts curtailed activities are having their effect on the buying power of the workers. However, despite these conditions there seems to be some improvement industrially. This appears to be not so much the result of greater consumption by the public but because the surplus stocks in the hands of retailers have been largely absorbed. Reports from bank managers throughout Canada indicate that stocks in the hands of merchants generally are now "normal" or "below normal" but that retailers are still buying from hand to mouth; in some holiday lines where fair placing orders have been given, the manufacturers have been unable to fill them because they too have curbed their facilities to a great extent. These reports indicate also that in many localities there is still a tendency on the part of the retailer to hold his prices above the cost of replacement. Further reductions would undoubtedly encourage public buying although the extent to which this could be expected in Western Canada is somewhat limited. Retailers in the larger centers have shown a tendency to follow

Are You Interested in Canadian Trade?

If so, this bank can be of service to you. With Branches and direct connections in all important centres throughout the Dominion and a Foreign Department maintained exclusively for their needs, Importers and Exporters can rely upon an unexcelled service.



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Foreign Department Standard Bank of Canada TORONTO

Capital Paid Up - - - - - \$4,000,000.00
Reserve - - - - - 5,000,000.00

prices in both the advance and the decline much more closely than in the small communities and the mail order houses are evidently taking full advantage of the present situation.

Speaking recently of the industrial situation W. E. Coulter, of the Booth-Coulter Brass Company of Toronto, representing the Ontario board of the Canadian Manufacturers Association, told the members of the Canadian Credit Men's Association that manufacturers in general were operating to the extent of about sixty per cent. of normal. The association he represented, Mr. Coulter added, had sent out a questionnaire to its members asking whether present inventories were priced at present replacement values. Some 503 replies indicated that this was the case.

But the confidence of the people in the country's ability to solve its problems successfully is increasing as the worst is faced. The suggestion made in western provinces that moratoria be established has met with little favor and radicals who have talked of a farmer's strike against the tariff, freight rates, etc., have failed to get a serious hearing. The country has large financial reserves in the shape of savings deposits and government bonds and the amount of money being spent on various forms of entertainment would seem to belie the reports of depression.

The advance in the market for provincial and municipal bonds has also been spectacular while industrial bonds have reflected the strength of the market—a strength which is also being communicated to the better class of preferred stocks.

STRONG BOND MARKET

On December 1 Victory bond interest totalling \$14,127,410 was paid by the Dominion government.

The issues from which coupons were clipped were:

Due	Outstanding	Rate
1925	\$43,245,300	5 %
1922	194,842,100	5½ %
1927	65,961,450	5½ %
1937	252,820,200	5½ %

Total interest payment \$14,127,410.

Added to probably \$3,500,000 of municipal, provincial and industrial bond interest payable the total for the first of the month was around \$18,000,000.

Victory bonds have recently led one of the most remarkable advance movements which has been witnessed in Canadian financial history. The following summary compares present prices for government bonds with those of a year ago but the main movement took place in the course of a week or so:

HOW VICTORIES HAVE ADVANCED

	One year ago		Now	
	Price	Yield	Price	Yield
1922	98.	6.38	99.45	5.90
1923	98.	6.24	99.15	5.95
1924	97.	6.36	98.35	6.12
1927	97.	6.	100.10	5.49
1933	96.60	5.89	101.40	5.35
1934	93.	6.26	99.25	5.78
1937	93.	5.68	103.73	5.15

WAR LOAN

1925	92.	6.80	96.	.....
1934	90.	6.15	96.	.....

UNIQUE BANK BUILDING

The handsome new office of the Canadian Bank of Commerce at Bridgetown, Bar-

badoes, B. W. I., is a unique structure and erected in the face of peculiar difficulties. Not only was there a lack of unskilled labor but there is not even a rotary saw or planing machine in the whole island. All the work was done by hand but nothing other than hardwood or pitch pine were used in the erection of the building.

MOLSON'S BANK

In the face of a readjustment period that has proved a difficult one for so many commercial interests, it is very satisfactory to find the Molsons Bank shows earnings well up to the record of last year. These amounted to \$752,000 as compared with \$822,000 one year ago, and this was equivalent to a return of 16.30 per cent. on the outstanding capital stock of the company, as compared with 20.5 one year ago, and practically the same two years before.

PROFIT AND LOSS ACCOUNT

	1921	1920	1919
Net profit	\$752,389	\$822,718	\$818,802
Previous bal.....	518,092	275,435	248,029
	\$1,270,482	\$1,098,153	\$1,066,831
Less:			
Dividends	\$480,000	\$480,000	\$470,000
Gov't tax.....	55,000	70,000	85,000
Pension F.....	38,126	25,061	21,396
Subscription	10,000	.....	15,000
To reserve	500,000	.....	200,000
Total ded'ns.....	\$1,083,126	\$580,061	\$791,396
P. & L. bal.....	187,355	518,092	275,435

The balance sheet is unusually interesting as a mirror of conditions. Current loans show the first indication of a decline as prices of commodities and stocks on hand have been liquidated. This decline is surprisingly small and indicates a careful nursing for the manufacturer and the jobber generally of their accounts. This year the total of current loans is \$47,000,000, a decrease of only \$4,000,000 over one year ago. At that time the current loans showed an increase of nearly \$8,000,000 over the corresponding figures of one year ago, so that the total outstanding in this account this year is some \$3,500,000 more than two years ago.

TOO MANY BANKS

At the annual meeting of the Canadian Bankers' Association, President C. A. Bogert referred to the activity in recent years of the Canadian banks in extending their branch systems and urged some plan of supervision, curtailment or geographical control.

Since the signing of the armistice, 1,742 new bank branches have been opened by the Canadian banks and that during that pe-

riod only 214 offices have been closed, a net gain of 1,528 branches since 1918. During the war period few offices were opened but there was little, if any, hardship from the standpoint of service so far as the public was concerned. The activity since has been one of business competition rather than of extending necessary service. The *Financial Post* comments:

"Canadian banks now have over 4,700 branches in this country, and over 4,900 in all. Probably no other country has anything like such facilities in relation to population. The argument that the reduction of the number of banks has had the effect of curtailing competition collapses in the face of these figures. With the curtailment of trade and commerce many of these branches are now showing deficits. In many districts one or more branches could be closed without reducing service to the public. This is not a matter of combining to reduce public service; it is a matter of organizing to prevent unnecessary losses. Already some of the banks have co-operated intelligently in this direction but the movement should be carried further. It is not fair to investors in bank stocks to give service at a loss and we do not believe that the public is looking for it."

Mr. Bogert gave a comprehensive review of the business situation and the factors affecting the buying power of the people, particularly in Western Canada. He acknowledged the difficulties of the present situation and pointed out that increased deposits could not be expected before another harvest season but declared that there was no need for pessimism. In concluding he expressed that when we return to an era of prosperity and confidence "it will again be demonstrated that under the Canadian banking system we have been able to successfully cope with difficulties which at present appear formidable. The Canadian Banking Act, as it at present stands, admirably meets the conditions and requirements of the country and the needs of the people." This, unfortunately, is more fully appreciated by financial experts in other countries than by many sections of the Canadian public.

The trade balance is usually taken as the evident barometer of exchange. The fact that interest obligations are also an important factor is seldom realized and often, in fact, entirely overlooked. This was emphasized by Mr. Bogert, who said:

"Our unfavorable trade balance with the United States is now \$215,000,000 as compared with \$406,000,000 a year ago. These figures show a marked improvement, which,

of course, has been at the expense of revenue. The increase in our exports to the United States usual at this season of the year is being greatly affected by adverse legislation, although the United States will continue to purchase a large quantity of our wheat each year for milling purposes and in spite of the new duty imposed, our cattle could still be sold across the line with a fair margin of profit if anything like normal prices could be obtained.

In relation to our trade balance, it must be borne in mind that on June 1 Canadian loans payable in the United States amounted to no less than \$688,000,000, made up as follows:

Dominion of Canada	\$125,000,000
Provincial and municipal.....	233,964,000
Railway loans	176,900,000
Industrials	63,340,000
Public utilities	89,000,000

GOVERNMENT BANKING

A feeling of alarm continues towards the rural banking system that has been undertaken by the Ontario Government. The main point to which exception is taken by those in close touch with financial conditions in the Province, is that the Government action constitutes a very real danger to the maintenance of commercial loans as they have been in the past and will be again when business becomes more active. The Government by increasing the normal rates for deposits over that paid by the banks or the Government Saving Banks, will tend to draw large sums of money that now are distributed among the various banking institutions. This, in turn, it is proposed to place in a form that is anything but liquid, through investments in long-term securities. Any transfer such as is anticipated of a large amount from current deposits to the Government banks would lessen thereby the money available for commercial loans as the banks depend regularly for these funds on current deposits.

UNION BANK OF CANADA

The annual financial statement of the Union Bank of Canada, which covers the fiscal year to November 30, 1921, indicates earnings at the rate of 16.79 per cent. for the year. Total assets are over \$152,000,000 as against \$169,000,000 last year. Percentage of quick assets to total liabilities to the public is 53.70 per cent.; the amount carried forward to profit and loss is \$541,686, being \$400,000 greater than last year. Total deposits are more than \$116,000,000 and total commercial loans \$62,000,000.

REVIEW OF 1921

The following is the address, in part, of President Vincent Meredith, of the Bank of Montreal, delivered before the shareholders at the 104th annual meeting held on December 5, 1921.

"Our banking year just closed has witnessed a further readjustment of prices and slackening trade. It has been a year of unrelenting anxiety, entailing constant vigilance in order to avoid serious losses.

"I need not remind you that the proverbial policy of your bank has been, as it still is, to maintain a strong position by means of abundant liquid resources, so that in time of stress we may be in a position to meet the legitimate demands of our customers, as well as such exceptional calls in the general interest as may be made upon us.

"While our profits have naturally fallen off in comparison with the previous year, they have been sufficiently large to warrant your directors in paying a bonus of two per cent. in addition to the quarterly dividend of three per cent. A substantial sum has, as well, been carried forward to credit of profit and loss.

"The foreign trade of Canada has suffered serious diminution this year in terms of value, and there is no doubt that in quantity also there has been a shrinkage. In this respect we do not differ from other nations and, indeed, make favorable comparison with many of them. The Fordney tariff in the United States has hit our farmers hard, the export of animals, agricultural and dairy products to that country in October last amounting to only \$7,329,000, whereas in the corresponding month a year ago, these shipments had a value of \$28,619,000. In the five months elapsed since Congress raised tariff rates, the export of farm products from Canada to the United States has decreased from \$62,166,000 to \$17,399,000. A year ago we were doing an exceptionally large foreign trade, both inward and outward, quite the greatest in the history of Canada. In the seven months to October 31, 1920, for example, the foreign trade of Canada had a value of \$1,497,000,000, made up of \$818,782,000 of imports and \$678,128,000 of exports; while in the corresponding period this year, aggregate foreign trade amounted to only \$853,868,000. In other words, this branch of commerce fell off forty-three per cent. The bright spot in the figures is the closer balance of trade, the excess of imports over exports this year having been \$22,630,000, whereas last year the excess was \$140,654,000. We still remain, however, a debtor to

the United States, not only in respect of trade, but for interest payments on loans from that country, and until this condition is righted, I apprehend the premium on New York funds will continue to our detriment.

"Taxation has everywhere become a serious burden. In our own country it is heavy even to the point of impeding industry and trade, and I know of no other means of redress than economy in public and private expenditure.

"There is no greater economic truth than that if you take from the people their accumulated savings by over-taxation, you stifle all initiative and enterprise and your revenue will fail, for those having surplus funds will probably find means of investing out of reach of the tax-gatherer where they will not contribute to the wealth and prosperity of the country. Taxation can be lessened in two ways only—by reducing public expenditure and by increasing population; and the hope is that both means will be employed.

"In the most propitious circumstances of trade, prophecy is rash, and in the complicated conditions that now beset us, I will refrain from the risk of forecast. What we do know is that Canada has withstood the shock of deflation and readjustment in a manner which has afforded gratification to our own people and has caused much favorable comment abroad, but a return to pre-war standards cannot be expected at once and probably not for a considerable time to come.

"The position is still full of difficulties and the way to sustained improvement is not yet clear. While there has been a revival in some lines of business, in others deflation has not yet run its course and stocks are being carried which possibly may have to be written down to lower replacement values.

"The revival now being experienced, possibly based upon a demand in consequence of depleted stocks, has given a temporary spurt to buying. I look for a period of rises and falls as demand exceeds supply or otherwise.

"A return to normality will be hastened if and when labor realizes that war inflation wages cannot be continued, and that the changed economic conditions necessitate more efficiency and greater production if we are to compete successfully in the world's markets. Increased production will, without doubt, be followed by a lowering of prices, larger consumption and fuller employment.

"No survey of the business world, however brief, can omit that matter of supreme

importance, the Washington Conference on the Limitation of Armaments, the promising progress of which cannot be viewed with other feeling than that of intense satisfaction. Remembering that current commercial disturbance is the consequence of war, the necessity of averting its recurrence becomes obvious.

"Equally apparent is it that the weight of taxation now impeding the employment of capital is largely the direct product of war.

"Though the utmost hopes may not be fulfilled, great gain will come from reduction of expenditure on armaments and the lessened taxation thereby made possible. In no small measure the restoration of normal world trade depends upon the outcome of the conference. A happy issue will give that confidence which creates credit and will go far towards abridging the period of liquidation and reconstruction."



A. I. B. Notes

PHILADELPHIA DEBATE SECTION

The debate section of the Philadelphia chapter, A. I. B., instructed by Dr. Calvin O. Althouse, has an enrollment of about thirty names. The class is rapidly approaching the point where trial debates will be held, following which local societies will be debated.

A challenge has been received from Detroit chapter to debate, and, if a suitable arrangement can be made with a mid-way chapter, such as Pittsburgh or Buffalo, it will most likely be accepted.

GIVE COURSE ON INCOME TAX

A short course on income tax procedure is offered by the New York chapter of the American Institute of Banking. The course consists of eight lectures, with class discussions of practical problems. Q. Forrest Walker of the National City Company is listed as instructor.

ANNUAL CHAPTER DINNERS

Saturday evening, March 11, has been selected for the date of the annual banquet of the Philadelphia chapter and the committee has been appointed by President Ritter. The committee of the Buffalo chapter have decided on February 13 for their annual dinner.

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ELMER H. YOUNGMAN, Editor

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A More Hopeful International Outlook

THERE are several unmistakable signs of clearing international skies. Most important of these is the prospect of an accord between Great Britain and France, which should tend to quiet the apprehensions of the latter country in regard to future German attacks. Not less momentous are the agreements between the powers represented at the Washington Conference in regard to the limitation of capital ships, the restricted use of submarines, and the compact to respect the island territories of one another in the Far East, and the condemnation of poison gas as a recognized instrument of civilized warfare. Of major importance in the international political situation is the probability of an early adjustment of the long-standing Irish controversy, as evidenced by the acceptance of the treaty recently negotiated by the authorities of the respective countries concerned.

The economic skies too are brightening. In the first place, if the recommendations of the Washington Conference are carried out, the probability of an early war will be considerably lessened, and consequently the expenditures for military and naval purposes can be greatly diminished.

Steps have been taken for an international economic conference, to be held at Genoa in March, for the purpose of taking some action regarding the economic situation of Europe in its entirety.

Out of the necessities arising from the war a growing spirit of international coöperation is gradually emerging—something different in character from the formal political union created out of hand amid the passions which the war engendered. In place of this ready-made scheme of international union, we are witnessing the development of an evolutionary league of nations, composed of those countries having measurably the same aims and a common outlook on world problems. These countries, through duly accredited representatives, are holding frequent meetings for considering and adjusting political and economic problems of first importance, and these meetings are far-reaching in their beneficent results.

This disposition of the leading nations of the world to meet in

a spirit of conciliation, to sink minor differences, and to unite in promoting the common welfare, augurs favorably for a more tranquil economic and political international situation.

Now that we may look back over the post-war situation it is not difficult to see what has caused the discord of recent months. While the war was going on a common purpose and a common danger kept the allied nations together. With the disappearance of that binding force, old rivalries not only appeared, but many new ones born of the great struggle itself. After the war, fresh allotments of territory had to be made, provisions for settling indemnities devised and enforced, tariff and currency systems recast, and a more or less complete readjustment of the world's political and economic machinery had to be taken under consideration. It was inconceivable that such vast changes could be made, or even considered, without developing serious friction even among the friendliest nations. Indeed, it has been among those countries most closely knit together during and immediately preceding the war that the most notable division has now arisen. On the other hand, some nations none too cordial in their pre-war relations have been drawn closer together since peace was declared. If the disagreements referred to had grown out of a controversy over the division of the spoils of war, they could be more readily understood, for it is a common experience that this constitutes a source of grave differences between nations. But these divisions arise from other sources. There have been few serious controversies over allotment of territory or the apportionment of indemnities.

The chief source of difficulty today lies in the fear entertained by France that she may again, in the not remote future, be compelled to defend herself against German aggression. Entertaining this fear, France asks either that the nations of the world shall interpose themselves as a guaranty between her and Germany; or, failing that, asks an alliance with Great Britain for a like object. The United States would be also specially welcomed as a member of such an alliance. Evidently France places no reliance on the pledge given by the League of Nations compact to respect and defend the territory of members against aggression.

Both Great Britain and the United States have seemed reluctant to enter into a special compact for the purpose indicated, although each country has declared that German attacks upon France could never be regarded with indifference. France refuses to accept such declarations as a sufficient safeguard against the German menace, and furthermore says, in substance, that if Great Britain and the United States will not join in an agreement to protect France, such protection must be provided by France herself. Admitting the reality of the German menace—and history affords no ground for any other view—the position of France appears entirely logical.

The consequences of this situation are far-reaching, and are economical as well as political. It would hardly be too much to say that until there is a definite settlement of this problem it will be vain to seek for world economic reconstruction.

Happily, there are two nations that seem to have a good understanding—Great Britain and the United States. They are working together, if not with common methods, with a common purpose—for the restoration of political tranquillity and the resumption of world trade. But the happy accord of these two nations has not led them to see the propriety of affording that guaranty of security against Germany which France demands.

At the close of the war there were two methods of dealing with Germany; at least theoretically. One of these methods was to divide the states of the German Empire among neighboring countries, thus virtually destroying the political and economic status of the country. The other method was to impose indemnities upon Germany, and then to take the country back into the family of nations. It has been said that these two methods had a theoretical existence; actually there was perhaps but one way to deal with the situation—to accept Germany as a member of the family of nations. At any rate, that is what has been done. Having adopted this policy, there remains nothing for the world to do but to carry it out. Economic reconstruction for the world must include Germany as well as other nations. This fact is realized in Great Britain perhaps more fully than elsewhere.

Russia remains the great political and economic post-war enigma. But little is known of actual conditions there, except that millions are starving and that they must be fed by the outside world. But Russia, too, in some way, must be put upon a sounder footing before there can be an economic restoration of Europe.

In the Far East agreement seems in sight among the nations most immediately concerned in administering affairs in that quarter of the world. Possibly the example afforded by this agreement may recommend itself as a means of reconciling the still disturbed political situation in Europe.



First Report of the Director of the Bureau of the Budget

LIKE a northern sea breeze blowing through mountain pines is the vigorous language employed by Director Dawes in his first annual report. He says:

“For the first time in the history of our country a national budget has been prepared based on estimates from the spending de-

partments acting under a strong and continued Executive pressure for economy and efficiency."

Director Dawes recommends that instead of the old system of making continuous appropriations for work extending over a single year, the appropriations be based on the actual need for money during the fiscal year in which the appropriation is made. A number of reasons are given in support of this recommendation, concluding with this statement:

"Finally, this system of preparing the budget will confine the attention of the Executive, of Congress, and of the public to the one great important question, to wit, the relation of the money actually to be spent by the Government to the money actually to be received by the Government in any given year, all its outstanding obligations and indefinite commitments, projects, and enterprises considered. This will enable Congress, with more intelligence, to determine at any time both the necessity for retrenchment and the ability of the Government to engage in additional projects to be initiated by Congress outside of the budgetary provisions."

The functions of the Bureau of the Budget are thus set forth:

"There is a tendency on the part of many to assume that the Bureau of the Budget is established primarily for the sake of reducing expenses. The Bureau of the Budget is designed, through its facilities for securing information, to be in a position to give impartial advice to the President and to Congress in all matters regarding the proper business functioning of Government. Because at the time of the establishment of the Budget Bureau there was a great necessity existing for the reduction of governmental expenses, and since under the old decentralized system of governmental business great extravagance existed, the activities of the bureau which became most prominent were those where it acted as an agent for the imposition of Executive pressure in forcing down expenditures where not in contravention of congressional mandate and efficiency. This is but one function of the Budget Bureau.

"It must be as willing to advise an increase in appropriations where the same is clearly in the interest of governmental efficiency and true economy as it is to advise reductions in expenses, which at the present time are so necessary. It is only by this method, under which it gives an impartial business judgment as to the necessity for expenditures and the functioning of Government, that it can, in the long run, maintain its proper influence with the Executive and with Congress and justify its existence.

"The course of Congress in the past in making radical reductions in the estimates presented has been the only protection which the public has had against departmental extravagance. There is now the protection afforded by Executive supervision of estimate

making. The Bureau of the Budget is simply a business organization whose activities are devoted constantly to the consideration of how money appropriated by Congress can be made to go as far as possible toward the accomplishment of the objects of legislation. If it functions properly, it has not and can never have any purpose but that of the Executive and Congress in seeking the imposition, throughout the Government administration, of correct business principles in routine business administration. The investigation of Congress, made in connection with its constitutional power over appropriations, is an invaluable and indispensable protection to the public. Nothing but a wicked interposing of partisan motives into the discussion of that which is fundamentally a business question can make congressional investigations into public expenditures anything but beneficial. By a proper functioning the Budget Bureau in time should create such a feeling of confidence in its effectiveness as to make it continually of greater assistance to Congress in their consideration of appropriations."

How lacking some of the old methods were in common sense may be seen by what the Director says in speaking of the newly-created Federal Liquidation Board, which is now coördinating sales, under a unified plan, of the large surplus stocks of the various departments of the Government.

"Under the old system, where surplus stocks were sold by the independent departments irrespective of each other, an absurd and demoralizing situation existed. It was the custom of the independent departments to sell their surplus stocks with practically no reference to the needs of the other departments for the material sold. In some cases property was sold at public auction by one department, purchased by an outsider, who then resold it at large profit to another department of Government. At the time of the institution of this board departments were in the open market for large amounts of material which were on hand in the other departments. An enormous loss has resulted to the Government from this condition of things."

After describing in detail the various coördinating agencies set up in the bureau, Director Dawes says:

"These great coördinating agencies have already effected large savings in Government business administration. They have prevented the absurd duplication and competition existing among the departments and establishments. They have corrected the practice by which the supplies and facilities of Government have been kept in water-tight departmental compartments, compelling recourse constantly to the open market, notwithstanding the Government already had on hand the supplies or facilities purchased. They enable the Government to transact routine business with the advan-

tages enjoyed by private business organizations, and prevent its spoliation, made easy by the former ignorance and indifference on the part of a department of the business status and transactions of another. Through their agency the routine business of the Government, for the first time, is being conducted along sound business principles."

The Director of the Budget, in dealing with the heads of the respective departments, acts as the representative of the President, and under the regulations and customs now established has the same powers that an agent of the president of a corporation would have under the same circumstances.

How necessary it is to have some one thinking, not alone in terms of his own department, but in terms of common interests of the Government, is thus pointed out in the report:

"A general line of demarcation between the viewpoint of the interested department or establishment and the viewpoint of an agency thinking in terms alone of the general business situation of the Government obtains practically in every department and independent establishment of the Government. The absence in the past of any authority thinking in terms of the common interests of the Government as a whole has involved the United States Government in hundreds of millions of dollars of unnecessary loss. Questions of business policy important enough to demand the attention of the Executive and of Congress have at times not even been presented for consideration to the department head himself.

"There must be but one business head. Let no one misunderstand the importance of the power of the President of the United States in its relation to this universal disposition to submit to business coördination manifested by the individual departments and establishments of the Government at this time. Underneath whatever has been done in the way of correcting the chaos in governmental routine business which the President of the United States confronted was the sense of responsibility to him in the mind of each man to be affected."

It is fortunate that a budget system has been finally installed in the United States, and doubly fortunate that the carrying out of its provisions was entrusted in the first instance to such a clear-thinking and straightforward acting man as Director Charles G. Dawes.



The Government Finances

DEALING with the expenditures of the Government, the Secretary of the Treasury, in his recent report, said:

"Expenditures in the fiscal year ended June 30, 1920, amounted to almost \$6,500,000,000, while for the fiscal year ended

June 30, 1921, ordinary expenditures, including sinking fund and miscellaneous fixed-debt charges, still ran over \$5,500,000,000. This cash outgo it has been the constant endeavor of the administration to reduce, and it now expects to hold expenditures on the same basis for the fiscal year 1922 down to \$4,000,000,000, or thereabouts, a reduction of about \$1,500,000,000 below the year 1921."

In his message transmitting the report of the Director of the Budget to Congress, President Harding made this reference to the financial position of the Government:

"It will be noted that the estimated ordinary expenditures for 1922 show a reduction of \$1,513,537,682.20, compared with the actual ordinary expenditures for 1921; and that the estimated ordinary expenditures for 1923 show a reduction of \$447,704,239 under 1922, making the estimated ordinary expenditures under the budget for 1923 \$1,961,241,921.20 less than the actual ordinary expenditures for 1921. Including transactions in the principal of the public debt and investments of trust funds, the total estimated expenditures for 1922 show a reduction under the total actual expenditures for 1921 of \$1,570,118,323.30, and the total estimated expenditures for 1923 show a reduction of \$462,167,639 under the total estimated expenditures for 1922, making a reduction in total expenditures in the estimated budget for 1923, as compared with the total actual expenditures for 1921, of \$2,032,285,962.30. It will also be noted that the total estimated receipts for 1922 are in approximate balance with the total estimated expenditures, including reduction in the principal of the public debt, and that the total estimated receipts for 1923 are within approximately \$150,000,000 of a balance with the total estimated expenditures of that year. Such a discrepancy is unavoidable, when authorizations of expenditure are being enacted during the process of budget closing, but ways are provided for relatively easy adjustment without added taxation.

"For the purpose of providing a portion of the funds necessary to balance the budget for 1923, in which the estimated expenditures exceed the estimated receipts by the sum of approximately \$150,000,000, I recommend the following legislation in connection with the naval appropriation bill for 1923, which would result in the eventual automatic release of \$100,000,000 now held in the naval supply account of the Navy Department:

"Hereafter, until the naval supply account shall have been reduced to a maximum sum of \$150,000,000, which shall not thereafter be exceeded, one-half of all reimbursements otherwise due to the naval supply account, whether from current issues or from sales, shall be covered into the Treasury as miscellaneous receipts, and only one-half shall be credited to the naval supply account.

"With continued pressure for economy in all departments and

the passage of such legislation, the balancing of total receipts and total expenditures for the fiscal years 1922 and 1923 should be accomplished."

This expectation can be realized only if business holds up well enough so that the revenues from income and profit taxes come up to the estimates, and the effect of the new tariff may also modify the figures.

An estimated deficit of \$24,468,703 for the fiscal year 1922, and of \$167,571,977 for the fiscal year 1923, need not cause special concern if there is a fair revival of business. Still, the public Treasury is in no position to warrant heavy and unusual demands upon it.



Development of Weak Spots in Banking

IT was hardly to be expected that a crisis like that through which the world is now passing would fail in developing some weak spots in banking. The announcement of the merger of the Merchants Bank of Canada with the Bank of Montreal, the suspension of the Banca Italiana di Sconto and the closing of the affiliated Italian Discount and Trust Company in New York, and the absorption of the Fort Dearborn banks at Chicago by the Continental and Commercial National Bank and the Continental Trust and Savings Banks, are all cases in point. In both the Chicago and Canadian instances suspension has been avoided by the taking over of the assets of the weakened banks by strong institutions. The Italian troubles were less easily handled owing to a more difficult local financial situation, though it is hoped that when times become more favorable the Banca di Sconti may gradually extricate itself from its present difficulties.

Here in the United States there has been such a sharp reversal from prosperity to liquidation that it is to be wondered at that the banks have stood the shock so well. Fortunately, they had for some time been more than ordinarily prosperous and had accumulated large reserve funds which helped immensely in tiding them over the present situation. The numerous commercial failures must have told heavily on the banks. These are still going on at a rate which may be taken as indicating that the future is far from reassuring.

With the abundant gold reserves of the Federal Reserve Banks, these institutions are in a position to render immediate and effective aid, thus constituting a reliance against anything like a bank panic such as the country witnessed in 1893 and again in 1907. There may be a further development of weak spots in banking like those just mentioned, but so far as this country is concerned it is hardly possible that this development will become general. Where a bank

is well managed, as nearly all our banks are, there exists no reason whatever for a withdrawal of deposits on account of lack of confidence in the general situation. To distrust solvent banks, and to manifest that distrust by the withdrawal of deposits, only serves to make matters worse. The public should understand that the sound banks of the country can obtain currency from the Federal Reserve Banks to an almost unlimited extent—more than sufficient to liquidate deposits. But any “run” on banks to meet deposits reduces the lending power of the banks, thus tending to intensify commercial distress.

It is believed that the character of bank management in the United States has been steadily improving in recent years, and that it was never higher than at the present time. This fact affords a basis for confidence in the banks. Furthermore, liquidation has been proceeding for more than a year; and even if it has not completely run its course, the worst is probably over. It is, therefore, a fair inference that a bank that has been able to weather the storm of 1921 will get along more comfortably now that the financial weather, if not yet as fair as could be wished, is at least getting better all the while.

The action taken both in Canada and Chicago indicates a disposition on the part of bankers to prevent, if possible, the spread of banking distrust, and this fact augurs well for the future. In a sense the national banks are all bound together through the Federal Reserve System for the protection of every really solvent bank; and, indirectly at least, this safeguard is available to the state banks. It would require an unimaginable financial and economic upheaval to break such a union.



A Preventable Form of Public Extravagance

ONE of the most obvious sources of public retrenchment lies in the curtailment of legislative and public oratory. The seemingly endless longing of Government officials to promulgate their views on all sorts of subjects, at the cost of the taxpayers of the country, constitutes an additional burden upon an already sorely-tried Treasury, and explains to a large extent the serious deficit which the annual report of the Postmaster General of the United States reveals. This deficit for the fiscal year ending June 30, 1921, footed up \$157,517,688.11. In his Annual Report for the fiscal year ended June 30, 1921, based on a count of pieces of mail handled free for the various Government departments, over a seven-day period, it is estimated that for the year the number of

pieces mailed free under the penalty privilege was 483,185,000, weighing 80,903,200 pounds, the postage on which at the ordinary rates would amount to \$13,191,166, and the cost to the Post-office Department for carrying this matter was \$6,000,000.

Obviously, except as a matter of bookkeeping, and of giving a more accurate reflex of the finances of the Post-office Department, nothing would be gained if the necessary mail matter of the several departments of the Government were required to pay the usual rates of postage. The Government would only be paying money to itself. It might have a good effect, though, in keeping down expenditures if each department were required, in asking for appropriations, to specify exactly how much of this amount was wanted for postage.

The necessary official free transmission of mails by the respective departments of the Government need not be called in question.

Without having at hand figures showing the exact number of pieces handled for each department in the last fiscal year, some idea of the active record made by these departments in using the mails may be gained by studying some tables presented in the *Congressional Record* of February 5, 1920. This shows that between July 1, 1916, and September 15, 1919, the various departments and official organizations then functioning had printed and distributed at public expense 30,144,362 speeches, of an estimated weight of 849,101 pounds, at a total printing cost of \$109,066.35, and an estimated expense of handling and transporting this matter, incurred by the Post-office Department, amounting to \$151,711.42. Added to other expenses (addressing, etc.), the total cost was \$442,798.73.

These speeches were quite outside the usual official routine of the respective departments; many of them were delivered by obscure individuals whose views could not possibly be of interest to any but themselves; and even though the period in which this abuse occurred included that of the war, it is difficult to make that an extenuation for this diversion of public funds.

But even admitting that, under the circumstances, such an expenditure was justifiable, that is no excuse for like extravagance in the dissemination of oratory at public expense at the present time. As Hannibal said before beginning the day's work of beating the Romans at Cannae, "It is not words that we want, but action"; or as Mr. Schwab would render it in twentieth century language, "What we need is work—just plain work."

But the executive departments are not the only offenders in saddling the mails with a heavy volume of literary effusions of doubtful value, printed and circulated at public expense. Hardly an issue of the *Congressional Record* appears whose pages are not encumbered with "editorials," letters, speeches, "poetry," etc., etc., put in under leave to print; and having no bearing whatever upon

anything under discussion in Congress. Let the Hickory Run constituent of some member make a specially fervid Fourth-of-July speech, and it is embalmed in the record—printed and distributed at public expense; and such examples could be multiplied, almost without limit. In the aggregate these abuses represent a cost to the taxpayers that is far from trifling. They should be altogether reformed.



The Best Kind of Soldiers' Bonus

PROPOSALS are being put forth with an increasing probability of success for paying to American soldiers in the late war a bonus of some kind. This bonus is styled "adjusted compensation," and is apparently to take the form of a payment of a lump sum of money to all those whose names were enrolled in the military or naval service of the Government.

Such payment can be justified only on the grounds that the young men thus engaged were not adequately paid in the first instance, or that through their military or naval service they sustained some business loss, and for which they should be compensated by the Federal Government.

There would perhaps not be much objection on the part of anybody to the payment of this compensation provided it could be adequately ascertained just what losses had been incurred. As this is a practical impossibility, Congress will no doubt be called on to grant a money payment to all of those engaged in the service without respect to any losses they may have sustained.

In order to make it clear that what is to be said later on does not arise from any lack of appreciation of the value of the services of those recently engaged in the national defense, it may be stated that as soon as it became apparent that this country was to be involved in the European war, the editor of **THE BANKERS MAGAZINE**, in letters addressed to a number of New York newspapers and to the Chairman of the Military Affairs Committee of the Senate and House of Representatives, strongly urged an increase in the rate of soldiers' pay. As a matter of fact, this pay was thereafter doubled. In making mention of this matter, it is not, of course, the intention to make it appear that the position of this magazine was especially influential in having the pay of the soldiers increased, but the incident cited does show that **THE BANKERS MAGAZINE** was among the first to realize that the old rate of pay was inadequate and to propose that it be raised.

It is very difficult to deal with the matter of soldiers' pay, for the reason that it may be very justly urged that for services so dan-

gerous and arduous no pay is too great. It would be well within the truth to say that the value of the services which soldiers and sailors render to their country in time of war is quite beyond computation in dollars and cents. Perhaps it is for this reason that the pay of soldiers has generally been so low. In most countries it is very much lower than in the United States. Notwithstanding this very low rate of pay, whenever the national safety is endangered millions of young men are eager to spring to the defense of the flag wholly irrespective of the question of money compensation.

It can hardly be contended that the movement for "adjusted compensation" is designed to afford the soldiers engaged in the late war anything like adequate pay in money for the services they rendered. It would completely exhaust the revenue-raising possibilities of this country for many years to come to provide them with a reward in dollars commensurate with the services they rendered to their own country and to mankind at large.

If the foregoing considerations are sound—and they have been quite generally acknowledged throughout the history of our country—it would appear that the proposal to adjust the compensation of those engaged in the late war can hardly be justified.

It is not a question of the money involved. To those soldiers who in the service of their country sustained any physical or mental injury, or whose health was permanently impaired by such service, the nation should not only be just but generous. They should be made continuously the object of the people's loving care; but, fortunately, most of the young men who were in the naval or the military camps received no injuries of any kind; on the other hand, many of them were vastly benefited in health. They further received disciplinary training which was of immense value to them, and gained an opportunity of democratic association with their fellows. Beyond all this, they were given an opportunity of showing their love for their country, and to evince a willingness to pay back something which they had received from their country and its institutions. Even if this service represented, as it undoubtedly did in numerous cases, a considerable degree of sacrifice, certainly it was nothing more than the country has a right to expect of its loyal sons in times of danger. It would be a reflection upon the character of American manhood even to intimate that such service would not be given and such sacrifice would not be made were it not for the hope of ultimately receiving some reward in the form of money.

There are a few thoughtless young men, who, seeing the accounts of the vast profits reaped by a few as a result of the war, declare that as the profiteers have been getting "theirs" why should we not get "ours." This is a false form of logic. If the profiteers have taken advantage of their country's dilemma to reap undue

profits, this is all the more reason why the patriotic young men of the country should refrain from imitating their bad example.

It is not merely because the proposed adjusted compensation to soldiers will cost the country so much money that leads **THE BANKERS MAGAZINE** to oppose it, but because a concession to this demand would uphold a deplorable tendency in the lives of our young men. The heroism they displayed, either on the seas, on the field of battle, or in undergoing the discipline of the camp, should not be tarnished by a proposal to measure its value in dollars and cents.

Unfortunately, many of the ex-service men are at this time unemployed, and a movement to pay them a bonus out of the Treasury receives much public support on this account. It is the wrong way to remedy a deplorable situation. The best kind of bonus that can be given to the ex-service men who are strong in mind and body, as most of them fortunately are, would be to find as speedily as possible some means of getting them all at work at good wages. This involves the complete restoration of the profitable conduct of industry. It is the one great problem to which the minds of statesmen should be resolutely and continuously addressed. If we can get the wheels of industry turning, the smoke ascending from factories and furnaces, and all the operations of trade restored to their normal relations, we shall find no need of putting a further tax upon already heavily burdened industry for paying the ex-service men a bonus out of the public Treasury.



Savings Accounts in National Banks

THE recent entrance of the National City Bank of New York into the savings bank field calls to mind the respective positions of savings banks and banks of deposits and discount in seeking to gain savings accounts.

In making its announcement to the public stating that hereafter it would receive deposits in sums of \$1.00 and upwards on which interest would be allowed, the bank in question referred to the fact that the New York Banking Law does not permit the use of the word "savings" in the advertising of other than mutual savings banks, and it therefore styled its new department "the compound interest department."

For many years prior to the enactment of the Federal Reserve Law many national banks were conducting savings departments, and though this class of business, according to an opinion of the Comptroller of the Currency, was not specifically authorized by the National Banking Act, yet the Comptroller raised no objections

to the carrying on of business of this character by the national banks. While the Federal Reserve Act did not specifically create savings departments in national banks as it did trust company departments, it nevertheless indirectly recognized such departments by prescribing the amount of reserve to be held against savings accounts.

Subsequent to the passage of the act regulations have been issued by the Federal Reserve Board construing these accounts as being those where deposits and withdrawals can be made only on presentation of the pass-book; in other words, they are the same as the accounts in mutual savings banks.

Undoubtedly, the banking law of the State of New York does forbid the use of the word "savings" bank or "savings" department by other than mutual savings banks organized under state law, although from the greater freedom which some of the national banks enjoy in the conduct of savings departments in other states, it would appear that this prohibition is by no means universal.

If Congress had specifically authorized the creation of savings departments in national banks, it is hardly likely that much attention would have been paid to the prohibition contained in the New York State law. As the national banks are operating under a Federal charter, they would doubtless consider themselves bound by the provisions of the Federal Act rather than by those of the laws of the state.

With the apparent recognition given in the Federal Reserve Act to the conduct of savings business by national banks, it would be interesting to see what view the Supreme Court of the United States might take should the matter ever be made the subject of litigation. Very likely it is an issue which the national banks are not anxious to raise.

If the national banks of the country should receive savings deposits, in the great majority of cases they would care for them as safely as do the mutual savings banks; but, on the other hand, experience has shown that the restrictions which are thrown around the investment of savings deposits are fully justified. These restrictions would, of course, not prevail in the case of national banks receiving such deposits.

If the national banks of New York and other states quite generally adopt the policy of bidding for savings accounts and engage in an active campaign of publicity for securing such accounts, it will have the effect of disturbing the lethargy shown by the mutual savings banks in recent years. These institutions quite generally have apparently proceeded on the theory that they were advertised by their loving friends and required no additional kind of publicity. From this complacent state of mind they will be rudely jarred should the national banks and trust companies enter into an active competition for savings accounts.

It would undoubtedly tend quite strongly to accelerate the growth of savings deposits if the commercial banks generally should open savings departments and begin an active campaign for securing such accounts.

While it is desirable that saving should be stimulated to the utmost extent commensurate with the income of the people, it is also highly desirable that such accounts should be treated with more than ordinary care by the banks handling them. It is not correct to say that they do not differ in character from the ordinary commercial accounts, and for this reason should receive no different treatment. Commercial accounts, in most cases, are largely made up of the deposits of those engaged in commercial enterprises, and they represent the profits obtained from such enterprises, or are the proceeds of loans made to carry on or extend business. Savings accounts, on the other hand, represent as a rule the small surplus remaining over from the wages received by individuals, and whose loss would entail much greater hardship than would be the case with the ordinary commercial account. It is for this reason that legislatures have quite wisely imposed restrictions upon the investment of savings funds.

Although, as stated, the majority of the national banks are managed with entire safety, there are exceptions to this rule, and it is somewhat doubtful whether it is desirable or not in those states having savings institutions whose deposits are safeguarded in the manner already pointed out, that national banks generally should enter into competition with these institutions for savings accounts.

It need hardly be said that this objection would disappear if the savings deposits in the national banks were required to be invested substantially in the same way as are the deposits of the mutual savings banks in states like New York.



Federal Reserve Board Under Fire

REFERENCE was made in the November issue of THE BANKERS MAGAZINE to attacks being made upon the Federal Reserve System. These attacks have increased in virulence of late and have been chiefly directed, not against the Federal Reserve Act itself, but against the Federal Reserve Board.

Especial hostility has been provoked on account of the large expenditure now being incurred for the construction of a building for the Federal Reserve Bank of New York. In a speech made in the Senate on December 19 Senator Heflin of Alabama in speaking of this new building said:

"What does this board care? They are sitting there, drawing

big, fat salaries. They are appropriating money, without asking Congress, out of this Federal Reserve fund to build a banking palace in Wall street costing millions and millions of dollars. I am told that one big bronze door cost \$25,000. They could have gotten along with a door that cost less than that. If we are going to squander money in that way, I submit that it ought to be appropriated to feed and clothe the men who saved the life of this Nation in the hours of its peril.

"I am reminded by my friend from Georgia (Mr. Watson) that this whole building in New York is to cost about \$26,000,000, and that they gave \$1,000,000 to the architect. Mr. President, look how easy it is for them just to write checks and dish out this money!"

In criticising the deflation policy of the Federal Reserve Board, Senator Heflin used the following language:

"The conduct of the Federal Reserve Board for several months past has been miserable, inexcusable, and indefensible. It has been criticised and condemned by farmers, merchants, and bankers, and others all over the country, and its conduct will go down in the history of this decade as a crime against agriculture, commerce, and honest banking in the United States.

"Mr. President, if the bankers of the United States—I mean the country bankers in small towns, the bankers in large towns, and the bankers in many of the cities—knew that this tyrannical Federal Reserve Board would not know what they had said against its conduct, they would draw an indictment against the Federal Reserve Board that would bristle with the complaints, indignations, and grievances of the honest bankers of the country. Today the Federal Reserve Board holds it foot upon the neck of the grain industry, the cattle industry, and the cotton industry and other industries of the United States, while Wall street and Chicago look on and applaud."

Senator Overman, of North Carolina, speaking in the Senate on the same date, made a somewhat similar criticism from which the following extract is taken:

"On account of certain charges made on the floor of the Senate and in the press throughout the country of an amazing waste of money and extravagance on the part of certain Federal Reserve Banks, I introduced a resolution asking the Federal Reserve Board whether those charges were true or not. Their report in reply to that resolution has come in, and I wish Senators would read it. There are some of the most amazing statements contained in it. One statement is that they have spent more than \$17,000,000 for a bank building in New York—the finest, most extravagant bank building in the world, costing more than any public building in Washington; more than the Capitol in which we sit here, which

cost \$15,000,000. They paid the architect and engineer more than \$1,000,000. They appropriated \$800,000 for furniture.

"In the last few years they have spent \$36,000,000 for public buildings in various places in the country. Besides that they have increased salaries since 1919, when everybody else was reducing salaries. In an amazing manner they have increased the salaries in the several districts in an amount in excess of \$7,000,000."

If the discussions about banking which took place in Congress a hundred years or more ago are examined there will be found expressions closely parallel to those just quoted. In both cases these criticisms were provoked by a banking system closely allied to the Government.

The national banking system, which is less closely related to the Government than either the first or second banks of the United States and the Federal Reserve System, has nevertheless encountered a considerable degree of political hostility, though state banks seem largely to have escaped criticism of this character.

It would seem a fair inference to conclude that any banking system intimately allied with the Government is bound to be subject to political attacks, and for obvious reasons. This is why **THE BANKERS MAGAZINE** has steadily advocated the adoption of a banking system as free from governmental control as possible. Just now strong political pressure is being put upon the Federal Reserve Board to desist from the policy of deflation which according to popular belief was inaugurated some months ago. As a matter of fact this change of policy was not so much in the direction of deflation as in stopping further and dangerous inflation. Whether the check administered to inflation at the time was greater than should have been imposed or not, is a matter of opinion. There can hardly be any doubt as to the necessity of placing a very sharp check upon the rate of inflation which was going on for a considerable period following the signing of the armistice.

From the very date of the introduction of the Federal Reserve Act in Congress **THE BANKERS MAGAZINE** has pointed out from time to time certain objectionable elements which this measure contains. Indeed, for a long while there hardly seemed to be any other periodical in the country which dared to call attention to these defects. This opposition on the part of **THE BANKERS MAGAZINE** was not based upon any consideration of politics, but was actuated solely by the belief that in important respects the Federal Reserve Act departed from sound banking principles. This measure, instead of providing for a bank credit currency, set up a hybrid bank and Government note, which lacks the true motive for being redeemed in gold that would attach to a credit bank note, with the result that the currency supply tends toward inflation, and the

inflation of credit is made possible by the use of these notes as banking reserves.

Furthermore, the Federal Reserve Act immediately made a substantial reduction in the required amount of banking reserves and later compelled the lending of all the legal reserves to the Federal Reserve Banks. This provision, which may have been justified as a war measure, was certainly one which should not have been perpetuated.

In addition to these objections, the administration of the Federal Reserve Banks was placed under the jurisdiction of a governmental board appointed by the President.

The earnings of the Federal Reserve Banks above six per cent., after accumulating a prescribed surplus, were required to be turned over entirely to the Treasury of the United States.

It will be remembered that all the capital and reserves of the Federal Reserve Banks were compulsorily contributed by the member banks; in other words, the banks contributed all the funds, which in their broad aspects at least would be managed by the Federal Reserve Board, and all the earnings over six per cent. were to be appropriated by the Treasury.

When the United States became involved in the great world war, **THE BANKERS MAGAZINE** immediately took the position that any criticism whatever of the then existing banking system would tend to embarrass the Government, and might prove injurious to the confidence of the commercial community in the country's banking system. It was, therefore, considered both prudent and patriotic to refrain from such criticisms.

Inasmuch as the country has by no means as yet recovered from the financial and economic effects of the war, it would seem the part of wisdom to postpone further criticism of the Federal Reserve Act to a more opportune time. It may be claimed, of course, that if there are features of the Federal Reserve Act which tend toward unsound conditions, the sooner they are checked the better. It is difficult to refute such a contention, but it is doubtful whether under existing conditions the benefits to be derived from an improvement of the banking law would not be largely counterbalanced by the ill effects of agitating the banking question at the present time.

Would it not be the part of wisdom to permit the Federal Reserve Act to function for some years in the hope that fairly normal conditions may be restored, and that then the workings of the act may be observed when the banking situation is freed from the extraordinary conditions which now surround it?

In reciting some of the objections to the Federal Reserve Act it must not be lost sight of that there are many countervailing factors to be set down. In the first place, the banks of the country, instead of each one fighting for its individual salvation in time of

panic, have been linked together by a concentration of their reserves, and this has made possible the extension of credit and the issuance of currency to an extent that undoubtedly has been a most important factor in preventing bank failures and in meeting the wants of the commercial community in recent years.

The means for erecting expensive Federal Reserve Bank buildings throughout the country, and for paying liberal salaries, have been chiefly furnished by the profits made by the Federal Reserve Banks in the rediscount of commercial paper. Whether the profits thus obtained are exorbitant or not could be ascertained only after a comparison of the cost with the services rendered to the member banks and to the commercial community. It is quite probable that if the banks of the country generally had the right to issue their credit notes practically all the rediscounting of commercial paper for the purpose of obtaining currency would be avoided and thus a large sum saved to the business interests of the country. Where a bank itself possesses the necessary reserve the shipping of commercial paper from its own vaults to a Federal Reserve Bank for the purpose of obtaining currency is not only wholly unnecessary, but entails a cost to the people of the country which ought to be avoided. It is, of course, quite a different matter when a bank's reserves must be replenished.

It is quite probable that if the large profits which the Federal Reserve Banks are now making and paying into the United States Treasury had been absorbed by the member banks, these profits would before now have been made the subject of legislative action by Congress. A more tolerant view is taken of these profits by Congress since they inure largely to the benefit of the Treasury.

The fact that it would be much better, to the extent possible, to leave these profits in the hands of the people themselves, does not seem to have attracted the attention of the national legislative body.

It may be argued that even if the banks were relieved of the cost of rediscounting they would not make loans at lower rates than they now do, but this is only an opinion. It would seem to be a fair conclusion that if the banks could save the cost of rediscounting to a considerable extent they would pass at least a part of these savings along to their dealers. Since the cost of rediscounting is the same to each member bank in its Federal Reserve District for like classes of paper, the member banks are under the necessity of adding this rediscount rate as in the nature of overhead expense. They quite naturally seek to recoup this expense in the higher rates charged to borrowers.

That there is no real ground for political attack against the Federal Reserve System at the present time may be inferred from the fact that since the advent of the new Administration there have

been no substantial changes in the Federal Reserve Board, the composition of which is about the same as it was under the previous Administration. It may be contended, of course, that the Secretary of the Treasury as ex-officio Chairman of the Board possesses unusual powers. Actually, however, the policy of deflation which has been so much criticised was inaugurated prior to the accession of Mr. Mellon as Secretary of the Treasury.

Perhaps the fact of the matter is that deflation is always a painful though sometimes a necessary process. It is quite natural that members of Congress will heed the demands of those who find their products either unmarketable or their prices greatly depressed and who insist that some action be taken which will check this tendency. The complaints from the inconvenience due to deflation would perhaps not be lessened under any conceivable system of banking. If, however, our banking system were not so closely allied to the Government as it now is it would then be possible for necessary deflation to proceed without the interposition of a legislative check to this salutary process. Theoretically, under an ideally sound banking system, inflation could be prevented. This might be true in ordinary times, but hardly so during war times.

The present criticism of the Federal Reserve System in Congress does not seem to be launched against individual banks nor indeed so much against the Federal Reserve Banks as against the Federal Reserve Board. It can hardly be supposed that our 30,000 small independent banks scattered all over the country take any pleasure whatever in causing hardship by curtailing credits; but, aside from humanitarian considerations, and somewhat contrary to popular belief, the banks would derive no benefit from contracting credits other than as demanded by the necessities of the situation.

In a time like that through which the country is now passing it is undoubtedly the policy of the banks at large to avoid making any harsh demands upon their dealers and to endeavor to carry them along without calling for payment of loans except in cases of necessity.

Under the stress of war some of the beneficial features of the Federal Reserve Act were revealed, and quite likely when more normal times come again its defects may be more accurately appraised.

Those who criticise the system on account of the inflation that has grown up under its operations must be sure that this inflation was caused by the Federal Reserve System and not by the war.

We shall have to get at a much greater distance from the financial upheavals which the war brought than we now are before we can determine with any degree of certainty just how the Federal Reserve System would function in normal times.

The Agricultural Bloc in Congress

K EEN interest has been aroused of late over the formation in Congress of a group of members without respect to party affiliations for the purpose of advancing the interests of the farmers and stock growers of the country. By effecting a combination of this character it has been possible to secure legislation in the interest of these classes which it otherwise might have been impossible to obtain.

In order to make clear the position of those who have entered into a combination of this character there is presented elsewhere in this issue of THE BANKERS MAGAZINE a speech recently delivered in the United States Senate by Senator Capper of Kansas.

It would be unfortunate if the farmers of the United States and those engaged in other business enterprises should be placed in an attitude of hostility to one another. President Harding in his recent annual message to Congress stated a well-known fact when he declared that agricultural prosperity is absolutely essential to the general prosperity of the country. This fact is quite generally recognized, although there is by no means a general agreement as to the measures to be taken to bring about this prosperity of agriculture.

The farmers of the country seem to feel that they have been very much neglected in the matter of legislation designed to benefit their special industry. This is particularly true with relation to the extension of credit. Whatever validity there may have been in this feeling heretofore, it hardly seems warranted in view of existing measures especially designed for the benefit of the agricultural and stock-growing interests.

An examination of the Federal Reserve Act will show that the commercial paper arising out of transactions related to these industries is made the subject of specially favorable treatment. The Federal Farm Loan Banks have been organized for the express purpose of extending credit to the farmers of the country, and these institutions have been both directly and indirectly aided by legislation and by grants out of the public Treasury. The War Finance Corporation also has taken special pains to aid the export of agricultural products.

If despite all these legislative aids given to the farming industry it still continues to languish, it is entirely proper that Congress should do anything further that may be practicable in aiding this vital industry.

The unprecedented number of commercial failures occurring each week clearly demonstrates the fact that the farmers are not alone in experiencing trying conditions. While the operations of the farm frequently fail to show a profit, it is rare that the earnings

are so much less than the expenditures as to entail bankruptcy. The farmer is rarely seen in the bankruptcy courts. In this respect he occupies an enviable position compared with those engaged in commercial pursuits.

With respect to the so-called farming bloc in Congress, it is to be regretted that any combination should have been thought necessary to secure any legislation to which the farming interests of the country are justly entitled. It would prove equally regrettable if, by this combination, they are seeking to attain advantages which would not be accorded them by the public opinion of the country. It does not represent a healthful condition of legislative affairs when merchants, manufacturers or farmers feel compelled to unite or combine in Congress to secure privileges which represent some undue concession to their special interests.

The disparity between what the farmer gets for his grain and the price the consumer in the city pays for it was strikingly illustrated in a recent speech made in the United States Senate by Senator Heflin of Alabama, who said:

"Mr. President, I mentioned here the other day what I desire to repeat, that out in the northwest oats are selling for about seven-teen to twenty cents a bushel. I ordered a saucer of oatmeal this morning and its cost me fifteen cents. I ate just a small saucerful.

"A Senator sitting near me reminds me that in some places in this city they charge thirty cents for a saucer of oatmeal. Yet the farmer of the West, spending sixty-five to sixty-seven cents a bushel in producing oats, is driven into the market place by the policy of the Federal Reserve Board, and made to dump all of his produce upon a dead market, where he sells it at less than it cost to produce it, for only seventeen cents a bushel. It is some job to carry a bushel of oats on your shoulder, it is a pretty good load, and yet at my breakfast this morning a little saucer full of oatmeal cost me fifteen cents."

This recalls the story about a stock grower from Paraguay who was having breakfast some years ago in one of the expensive hotels in New York. On being charged \$3.60 for what the bill of fare called "a rack of lamb," he explained that down in his country he could buy the entire carcass of a sheep minus the hide for ninety cents.

In a recent article in the *Atlantic Monthly*, Bernard M. Baruch gives the following illustration of a like character:

"Last year, according to figures attested by the railways and the growers, Georgia watermelon-raisers received on the average 7.5 cents for a melon, the railroads got 12.7 cents for carrying it to Baltimore, and the consumer paid one dollar; leaving 79.8 cents for the service of marketing and its risks, as against 20.2 cents for

growing and transporting. The hard annals of farm-life are replete with such commentaries on the crudeness of present practices."

But why are the sympathies of Mr. Baruch, and the efforts of the bloc in Congress, limited to the farmer? How about the consumer? Why do not members of Congress organize in behalf of this numerous and much-abused class—that is if we are to have class representation of any kind at Washington? Hard as the farmer's condition may be, it is no worse than that of millions of dwellers in the cities who are compelled to pay exorbitant prices for farm products—for the food that goes on their tables.

If the farmers of the country could be assured anything like the prices for their products which the city consumer pays for them, farming would become one of the most profitable forms of industry, and the necessity for anything resembling an agricultural bloc in Congress would disappear. But we need to give some consideration to the desirability of furnishing cheap food to consumers as well as profits to farmers.



Tax Exempt Securities

IN dealing with this subject in his recent annual message to Congress President Harding said:

"I think our tax problems, the tendency of wealth to seek non-taxable investment and the menacing increase of public debt, Federal, state and municipal, all justify a proposal to change the Constitution so as to end the issue of non-taxable bonds. No action can change the status of the many billions outstanding, but we can guard against future encouragement of capital's paralysis, while a halt in the growth of public indebtedness would be beneficial throughout our whole land.

"Such a change in the Constitution must be very thoroughly considered before submission. There ought to be known what influence it will have on the inevitable refunding of our vast national debt, how it will operate on the necessary refunding of state and municipal debt, how the advantages of nation over state and municipal, or the contrary, may be avoided. Clearly the states would not ratify to their own apparent disadvantage. I suggest the consideration because the drift of wealth into non-taxable securities is hindering the flow of large capital to our industries, manufacturing, agricultural and carrying, until we are discouraging the very activities which make our wealth."

The proposal for a constitutional amendment of this character brings up many interesting subjects. It will be seen at once that

if the principle of Federal taxation of state and municipal securities is admitted it makes it possible for the Federal Government to impose what may prove serious limitations upon the credit of the states and municipalities. In this case as in others the power to tax is the power to destroy. Of course no such purpose exists in putting this proposal forward.

The amendment in question is rendered necessary by the tendency of investors to buy tax exempt securities, because in this way they not only escape Federal taxation but the risks to which investment in ordinary business is subjected.

If it were possible to bring the expenditure of the Federal Government within reasonable limits, the necessity for this constitutional amendment would soon disappear. This remedy, while sound in character, is not easy of immediate application owing to the necessity of providing very large revenues for the Government for many years to come.

The imposition of a Federal tax upon the issue of state and municipal securities might serve a useful purpose in tending to curb the rather free issue of such securities which has prevailed in recent years. The fact that such securities are now exempt from Federal taxation renders them a favorite with investors and in turn makes it easy for the states and municipalities to float securities to an almost unlimited extent. This naturally tends toward extravagance in expenditure.

It is somewhat anomalous that the obligations issued by states and municipalities are more favored in the matter of taxation than are the obligations of the Federal Government. The income received on these latter obligations beyond a certain amount is subject to Federal taxation, but in the case of the state and municipal securities these are wholly exempt from such imposition.

Against these advantages, however, are to be offset the superior credit of the Federal Government which enables the flotation of United States bonds generally on a more favorable basis than is possible in the case of the securities of states and municipalities.



The Way to Peace

When men out of hatred and ambition fight with and destroy one another, they fight under the banner, not of Christ, but of the devil.—*John Colet (Dean of St. Pauls, 1510).*

THAT the world has not yet found its way to political and industrial peace is a fact too clearly seen to require any argument. This failure may not be ascribed to want of the true light, but to an indisposition to follow it.

The eight-fold way of Buddha, the reciprocity of Confucius,

the golden rule of Jesus—and, coming down to our own times, the square deal of Roosevelt—these counsels of the great teachers all admonish us of the futility of hoping to gain anything of permanent worth except through the observance of the laws of righteousness and of love. Despite these admonitions, and in despite of the professions of religion, the world is at war in heart as it was in the blackest night of barbarism. Nations professing the same religion invoke divine aid in their wars against one another. Employers and employees, members of the same church, are in their industrial relations bitter enemies.

From this but one conclusion might be drawn, namely, that the religion mankind profess they do not believe, and have no intention whatever to follow when it runs counter to their own selfishness. Whether this conclusion be warranted or not, one thing is clear—that the brand of religion which has been practiced has failed in healing the world's divisions; nor does it seem less certain that if the rules laid down by either of these great teachers of antiquity had been followed, the world would not be in the sorry position in which it is today.

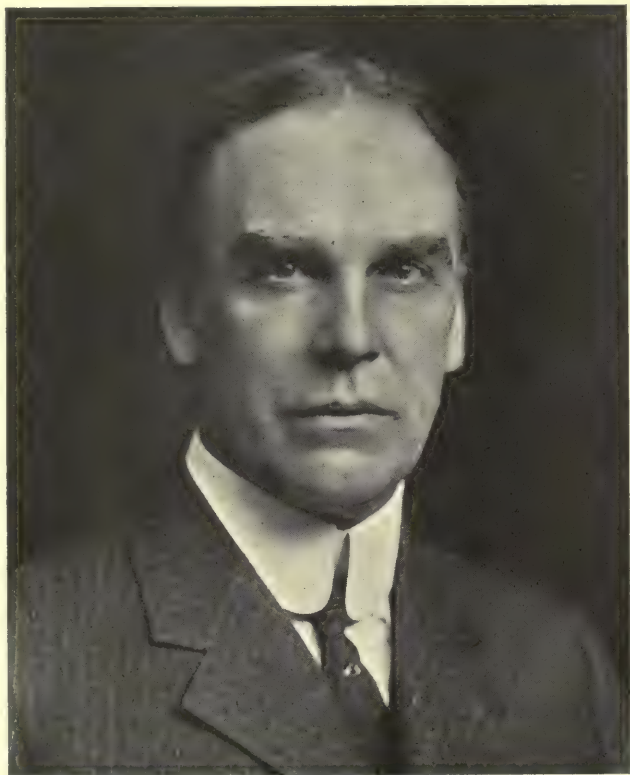
In view of the tragical failure that has followed upon disregard of their teachings, it might be well to make a trial of them in the future. Evidently in the past they have been looked on as mere counsels of perfection which mankind has shown no disposition to heed, but it can not be too often or too strongly declared that there is no room in the world for hate of any kind except hatred of sham, of wrong and injustice, and that the only law of progress is that of love, applicable, not only among individuals but different groups of society and the various nations of the world. Nations can not stand alone, nor can they make combinations against other combinations. National hatreds, group and sectional divisions, must give way to a spirit of unity and coöperation.

The reproach of having prevented a getting together of the nations of the world is one which must not be justly imputed to the United States. Nor will it be, despite our failure to approve the League of Nations, if we show that the spirit of unity animates our future purposes.

To prevent the world from slipping down into a slough of despond, the nations will have to join hands and climb slowly up together to the heights of prosperity.

To avoid wars—international and industrial—the law of love must enter more and more into the lives of men





ALFRED L. AIKEN

President National Shawmut Bank of Boston

MR. AIKEN began his banking career in October, 1899, as assistant cashier of the National Hide and Leather Bank of Boston and in 1901 became assistant cashier of the State National Bank of Boston. On July 1, 1904, he was elected treasurer of the Worcester County Institution for Savings, becoming president in January, 1908. Five years later he became president of the Worcester National Bank, which position he held for a year, resigning it when he was elected governor of the Federal Reserve Bank of Boston in November, 1914. In January, 1918, he became president of the National Shawmut Bank.

A. Barton Hepburn

THE death of A. Barton Hepburn, chairman of the advisory committee of the Chase National Bank of New York and former Comptroller of the Currency, is a great loss to the American banking fraternity. In knowledge of banking and currency principles and their practical application he hardly had an equal in the country. He was besides an economist of repute, and in banking and business affairs a safe and wise counsellor. Mr. Hepburn was of Scotch ancestry, and possessed the aptitude for banking which has been so often manifested by those similarly born. But he was a close student all his life. He began on a farm, as many other bankers and successful men have done, and gradually worked his way, by his own efforts, to the very eminent position he held at the time of his death.

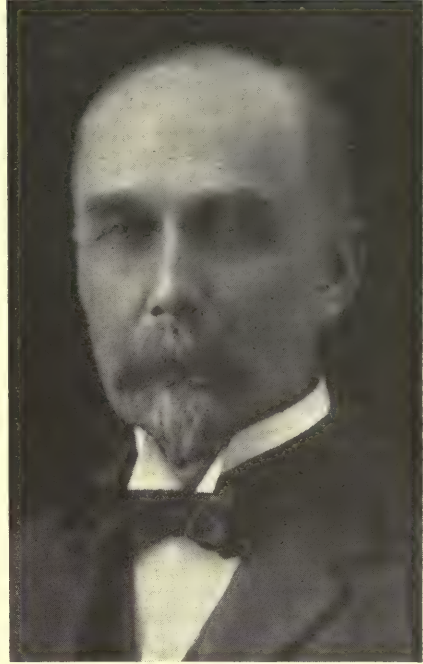
Mr. Hepburn's qualifications as a banker are strikingly attested by the remarkable growth of the Chase National Bank under his long management.

He took a keen and active interest in banking and currency legislation, was a vigorous champion of sound measures, and the views of few men in the country were more generally respected by thoughtful legislators when dealing with these subjects.

Mr. Hepburn had spoken and written much on banking and currency subjects, his writings including a comprehensive history of banking and currency. During his lifetime the views he expressed were often referred to as safe guides, as they will be in future years. He carefully investigated before he spoke, and was always moderate in declaring his opinions, which were universally respected as having their basis in wide information combined with an exceptionally sound judgment.

The monetary success which Mr. Hepburn achieved was not kept for himself or his family alone, but was widely and generously employed for the benefit of his fellow man. His contributions to schools, colleges, libraries and various benevolent activities ran into millions.

Alonzo Barton Hepburn was one of



A. BARTON HEPBURN

Late chairman of the advisory board Chase National Bank, New York

America's best known and most respected bankers — sincere, modest, strong and simple—the highest type of the product of American institutions.

Mr. Hepburn's death on January 25 was the result of injuries received from an accident which occurred on the Friday previous. He was struck by a Fifth avenue bus while crossing the avenue at Twenty-third street on his way to a branch of the Chase National Bank at Fourth avenue and Twenty-third street.

At his age of seventy-five years, Mr. Hepburn was unable to withstand the shock of the accident and physicians said it was this, rather than the double fracture of his right leg, which caused him to weaken so rapidly. He was unconscious for several hours preceding his death.

Mr. Hepburn had been a prominent figure in the financial district since he resigned as Comptroller of the Currency

in 1893 to become president of the Third National Bank. He had been vice-president of the National City Bank for two years before he became president of the Chase National in 1899. He served the Chase National as president, chairman of the board of directors and chairman of the new advisory committee. He was widely known because of his writings and his general interest in all subjects relating to banking.

Mr. Hepburn was born on a farm at Colton, N. Y., on July 24, 1846, the son of Zina Earl Hepburn, who traced his ancestry through generations of New Englanders to an old Scotch family. Peter Hepburn, a great-great-grandfather, came to this country from Scotland shortly after 1700, and settled at Stratford, Conn. He was a direct descendant of Colonel Sir John Hepburn, a veteran of the Thirty Years' War, who in 1633 organized the Royal Scots, as a successor to the famous Scottish Archers.

Three of Mr. Hepburn's brothers enlisted for the Civil War, and when they returned as officers they found a younger brother bent on leaving the farm for college. They found also a father who protested against the schooling, on the ground that it would unfit Alonzo as a good farmer, but the learning of the three uncles had so stimulated the ambitions of the youngest son that argument was useless. One of these uncles had established the *Cleveland Plain Dealer* and the others were in occupations that seemed to the boy more interesting, if not more profitable than farming.

He attended the St. Lawrence Academy and then borrowed \$1,000 to take a course at Middlebury College. By teaching school in the winter and working on the farm in the summer he stayed in college, and upon graduation returned to the St. Lawrence Academy as professor of mathematics and physical science. He became principal of Ogdensburg Educational Institute and meantime studied law.

After his admission to the bar he learned on a short vacation at his home in Colton that there was ample opportunity there for a lawyer. He had cli-

ents who owned extensive tracts of land, and in an interview he once said he saw then his opportunity to acquire large tracts of timber lands. He bought 30,000 acres at fifty cents an acre and started lumbering. From that time business crowded law practice out of his life almost entirely.

He was elected to the assembly as a Republican in 1875 and remained there until 1880, when he was appointed superintendent of the state banking department.

Refusing the offer of Governor Cleveland as Superintendent of the Banking Department, Mr. Hepburn returned to his lumber business and sold out for \$200,000. Then he turned to banking in earnest.

He was appointed a national bank examiner in this city, and his decisive enforcement of all the regulations attracted so much attention in Washington that in 1892 he was called to the Treasury Department as Comptroller of the Currency. After a year at this post he received an offer to become president of the Third National Bank in this city, and in the twenty-nine years since that time has been in the banking business in this city continuously.

He left the Third National in 1897 to become vice-president of the National City Bank under James Stillman. After two years in that institution he became president of the Chase National Bank, and served continuously in that office from 1899 until 1911, when he became chairman of the board of directors. He resigned that post in 1917; but the directors were unwilling to lose him and they insisted that he remain as chairman of an advisory board, an innovation in banking.

Mr. Hepburn also was a director in several other banks and corporations, including the Columbia Trust Company, New York Life Insurance Company, American Agricultural Chemical Company, American Car and Foundry Company, Safety Car Heating and Lighting Company, Sears, Roebuck and Company, the Studebaker Corporation, the Texas Company, the Woolworth Company and the Great Northern Railway Company.

Recruiting and Training the Personnel of an English Joint Stock Bank

By Leonard Le M. Minty, B. Sc.

London Joint City and Midland Bank, Limited

UNLIKE a manufacturing concern which puts on the market a product which can be seen, handled and valued by the purchaser, a bank supplies a service the value of which is largely dependent upon the manner in which it is rendered to the customer by the bank's employees. For this reason the recruiting and maintenance of an efficient, contented, well-mannered and painstaking staff is one of the most important problems of bank organization.

The old English private banker engaged his clerks as his personal servants and took a fatherly interest in their personal welfare, their morals and even the cut of their clothes. It was common then to find that son followed father as a clerk in the banking house and the banker could reckon on the honesty, integrity and loyalty of his clerks, because he and his father and his grandfather had known them and their fathers and grandfathers from infancy to dotage. This system of paternalism does not exist to the same extent in the modern joint stock banks: Nevertheless the English joint stock banks have inherited a good many of the ideas and traditions of the old private banker. For nearly a century since their formation in 1826 it has been the policy of the English joint stock banks, instead of taking clerks into their service late in life from outside employ, to recruit their clerks at an early age and build up a service with long and honorable traditions. Speaking as one who began life as a junior clerk in an English joint stock bank, I consider that at least for the rank and file of the staff, the English system is better than the American policy of unfettered freedom and unequal opportunity. Whether American bank clerks would like the English system or even work under it I am not disposed to express an opin-

ion. Many English banks for instance require junior clerks to sign an agreement that they will not marry until they are in receipt of a certain salary. Again clerks are strongly discouraged from taking any part in national or local politics or from having interests in any other business but their bank. I am certain American bank clerks would not tolerate these conditions.

Unlike the American bank or trust company which may have perhaps a thousand or more clerks concentrated in three or four branches in the same big city, an English joint stock bank usually has from three to six thousand employees scattered in a thousand or more branches all over the United Kingdom, many of whom have never seen the head office. It is obvious that the service of the bank could not be efficiently carried on under a system of different pay and conditions for doing the same work.

The American bank attaches a great deal of importance to mechanical devices and to exacting systems of accounting as a safeguard against fraud and embezzlement. The English bank does not trouble so much about mechanical checks and systems of internal audit. Its main consideration is to recruit in the first place its clerks of the right type. Before an English bank will take into its employ a junior clerk, he must have a letter of recommendation from a manager or from some person of substance known to the bank. He must have in addition school and other personal references. With many banks it is essential to have a reference from a clergyman of the Church of England or from a minister of some religious denomination.

After filling in a number of forms which provide for information to be given about the candidate's father and the occupation of his father, and the

age of the candidate's mother and the occupations of his brothers and sisters and so forth, all of which would appear very aggravating and inane to an American, the boy is put through an examination in arithmetic, handwriting, French, Latin or German, Algebra and other school subjects. Some banks detail a qualified member of their staff to examine all candidates; some insist that all candidates shall have passed the matriculation examination of a university; others send their candidates to the City of London College or some other scholastic institution which has a contract to examine periodically candidates for them. Candidates are personally interviewed by the staff manager or the secretary of the bank before or after passing the examination. Careful attention is given to a candidate's appearance, manners and speech. The result of the examination and the interview is not made known in detail to the candidate. If he is not "just so" his father receives a polite intimation that the bank has "no suitable vacancy for his son." The fact that the father may have a large account which he may threaten to take away will make very little difference to the bank's decision. If the candidate is accepted, he enters the service of the bank in every case as a junior clerk on a salary from £60 to £80 a year. His father usually signs some form of indenture under which his son is apprenticed to the bank for three years during which time he engages not to leave the service of the bank. This latter procedure is nowadays an empty formality which has been retained from the traditions of the old private banker who took clerks as apprentices and in consideration for their services engaged to teach them the "business and profession of a banker." In no case is a junior clerk nowadays forced by legal action to remain in the service of the bank if he is anxious to leave before his apprenticeship is finished. On the other hand very little attempt is made within the bank to teach the junior very much. All he learns he picks up for himself. The boy goes through a medical examination, after which he considers himself a mem-

ber of the staff and usually stops in the service of the bank for better or for worse all his life. The bank for its part having, after careful scrutiny, made its choice never goes back on its bargain. I have never known, except in cases of wilful insubordination, criminal negligence, or fraud, any case in which a clerk has been "fired." When a bank makes a bad bargain it stands by it; it does its best to fit the square peg in the round hole but the man invariably retains his job.

Most of the work which a page does in an American bank is performed by the messenger in an English bank. The messengers are usually old sailors or soldiers who are serving on Section D of the Reserve. Some are competent clerks and all having seen service and most of them active service in the field, they are a clean, erect, well-kept body of men, their common fault seems to be that having spent most of their young active life in the army, an occupation which demands the minimum of mental exercise and initiative, they have grown unfitted for clerical employ and are beyond the age when it is possible to teach them very much. Unlike the pages in an American bank many of whom become clerks and some officers in the bank, the messenger in an English bank remains a messenger the whole time, and there is a hard and fast rule that the clerks do not associate with the messengers. However the messenger is not called upon to do much clerical work beyond stamping checks and cleaning ink wells. All the humdrum clerking is done by junior clerks or girl clerks.

During the time the boy is serving his apprenticeship, he is required to contribute to some kind of guarantee fund. Formerly banks stipulated that each junior clerk should take out a bond of fidelity with an insurance company or required the boy's father to guarantee his son for a sum usually not less than £1,000. A clause is usually inserted in a bond of fidelity which recites that before the assurer pays the assured the loss sustained by the infidelity of the servant the assured shall, if the delinquent can be found, prose-

cute him and obtain a conviction. For this reason in commercial employ where bonds of fidelity are more common than a guarantee fund, prosecutions are carried to the point of vindictiveness in order to obtain the insurance money. This is a very bad policy from the point of view of a bank which must pride itself on the probity of its servants. In most cases where a clerk was found dishonest it was considered better policy to hush the matter up than to suffer the bad advertisement which a successful prosecution carried with it. All the large joint stock banks have now some kind of internal guaranty fund to which all clerks are made to contribute. The guaranty fund, considering the comparative rarity of dishonesty among bank employees, far exceeds the reasonable calls that might be made upon it. In fairness to the staff most banks allow the widows' orphans' fund to receive the interest on the growing surplus. Whether or not he is married the bank clerk is required to contribute to a pension fund and to a widows' and orphans' fund. In addition he has to pay the compulsory state health and employment insurance. All these insurances are paid in the form of a deduction from his salary each month.

As has been explained, boys are recruited at the age of sixteen to nineteen from good secondary schools and there is no other way of entering the service of an English joint stock bank. Lloyd's Bank, and the London County and Westminster and Parr's Bank recruit a number of university men rather older than their junior clerks and occasionally foreign clerks are engaged to do foreign correspondence. Generally speaking, however, it is exceedingly difficult for a boy over nineteen years of age to obtain a situation in an English joint stock bank without special qualifications. Moreover if a boy leaves the bank he is in, he has very poor chances of obtaining a situation in any other than a foreign or colonial bank.

Compared with conditions which obtain in an American bank, promotion in an English bank is slow and the salary in the beginning is very little. After paying the various contributions to

bank funds, the junior clerk has very little salary left and has to be helped out by his mother and father. On the other hand he is certain of his job and can see exactly what he will be getting for the first ten or fifteen years. After that he knows that the secret of success lies entirely with himself. The bank makes the rule never to take a clerk from another banking institution, and the clerk in an English bank knows that he has an even chance with the rest of succeeding to one of the high appointments. I know of one case, not a solitary case either, in an American bank where a clerk after serving nearly fifteen years in the service of the bank and qualifying for a certain position was at the last moment supplanted by a younger man brought in from outside with no better qualification save a connection with a wealthy manufacturing potentate who had promised to turn over to the bank a deposit account of four hundred thousand dollars. Such an injustice could not happen in the service of an English bank. Although the chances of a particular man rising to be manager of an English bank are individually small, every man has the satisfaction of knowing that the managers, himself and everybody else with the exception of the directors, began life in the bank as junior clerks. The difference in salary makes no caste distinction. Nearly all the English banking notabilities, Sir Edward Holden, Sir Richard Vassar Smith, Sir John Ferguson, Frederick Hyde and every successful manager I can think of began life in this ordinary way. Moreover although there are not more than perhaps thirty positions in an English bank carrying what are in the estimation of American bankers high salaries, the English joint stock bank which has a thousand or more branches each of which has a local manager in charge can offer very good prospects to all its clerks of obtaining a position and salary equivalent to that enjoyed by a country solicitor, doctor or other professional man.

Before the war very few girls were employed in English banks. During the war the majority of young men enlisted

and girls were employed to take their places. The banks paid the salaries of their clerks the whole time they were serving with the colors and their positions were reserved for them when they returned. A large number, however, were killed and their places have been permanently filled by girls who joined the banks during the war. The presence of the girls leads to quicker promotion because, whereas formerly a boy was kept doing hum drum clerking for many years, since there was no one else to do it, most of it is now done by girls who subsequently leave to get married. In this way, once a boy has completed his three years' apprenticeship, he succeeds much more rapidly to a post of responsibility.

With the quickening in the rapidity of promotion, there has arisen a greater demand for better educational qualifications and better commercial education. For many years the Institute of Bankers has organized language classes and banking examinations. Banks have given a gratuity for passing either in the form of a lump sum gratuity which is now £10 for passing the preliminary and £20 for the final, or as in the case of Lloyd's Bank two years' permanent seniority with additional pay. The University of London confers a bachelor of commerce degree upon candidates who after attending courses of study in commercial subjects extending over three years pass qualifying examinations. Banks encourage their staffs to graduate in commerce by paying their fees and granting them on graduation permanent increases in salary with seniority for promotion.

Each bank endeavors to foster a corporate spirit and tradition of its own. For the purpose of representing the claims of the staff to the management, each bank has organized an internal guild of its own. The branches of the bank are divided into districts each of which has a center. Each district elects a committee which in turn elects members to a grand committee which in turn represents the views of the staff as a whole to the directorate. Apart from the internal guilds there is an outside organization called the Bank Officers'

Guild among the aims of which is the elaboration of rules and conditions governing bank service as a whole. The Bank Officers' Guild has a membership of about 25,000 and its main object is to impose such conditions of recruiting of staffs and staff organization as will make banking a recognized profession. The Bank Officers' Guild is a registered trade union and for that reason has so far received no official recognition from the banks. Many managers and higher officials besides clerks belong to it, and it conducts its propaganda quite openly.

Although salaries are lower in English than in American banks, it must be recognized that nearly every article of consumption is cheaper in England and in addition the English clerk is saved many items of expense which the American bank clerk has to pay. For instance most of the English joint stock banks have a restaurant in their head offices where it is possible to get a three course dinner for about forty cents, which in a restaurant in New York would cost from two to three dollars. Again all the large banks have bought for their staffs large football grounds on which they have built club houses and tennis courts. The annual subscription which allows a man to play football, cricket, tennis, billiards, chess, boxing, hockey, swimming and goodness knows what else is usually not more than a guinea (say four dollars and ten cents.) Sport is very keen. The first teams of the banks usually contain three or four amateur internationals and the final of the inter-banks football competition is an event of some importance. The English banks subsidize sport to such a large extent on the principle that a healthy body means a healthy mind and it promotes loyalty to the institution. If a man is willing to dislocate his collar bone on Saturday playing for the bank the assumption is that he will keep his end up for the sake of the bank when working in the clearing-house on Monday.

To sum up the difference in the policies followed by the English and the American bank, the American bank seems to me to get most of its clerks

from other institutions ready made. If they are capable and work hard it gives them good pay and rapid promotion. The brilliant financial genius is certainly better off in an American bank. The policy of the English bank is to create a homogenous service; to take

in boys from a good secondary school and train them so that they fit into that service; to offer them as far as is possible a definite career; to retain them as long as they are capable of efficient work and to provide them with a pension when they are old enough to retire.



Putting New Life Into Your Savings Department

By M. M. Selley

DOES the average national bank give serious consideration to its savings department? Generalization here, as elsewhere, is dangerous. It is not unusual, though, to find a savings department in a semi-developed or half-dormant state, and it would appear that the institution which has been called the "backbone of the Nation" holds but a minor place in the estimation of many bankers. Because of the tied-up condition of business and industry, and the reaction from the wild war spending on the part of the common people, it would seem that now is the psychological moment for bankers everywhere to turn serious attention to their savings departments, and to inject new life into any that are not functioning to the utmost capacity. If people are not spending, then they must be in a mood for saving, and a little of the right kind of effort ought to turn many small streams of money, through the banks, out into channels of usefulness to the country.

Is the savings department merely a feature of service, or is it a vital organ necessary to the continued life of the bank? It would be well for the officials and governing boards of some banks to discuss the matter, and arrive at a conclusion as to the relative value of the savings department to the bank as a whole. The savings department of a large bank is usually the least expensive of any service given out. Not many clerks are required, and with only mod-

erate salaries. No check books are used, and the expense for pass books and check blanks is negligible, one cloth-bound pass book sometimes being used for years. Not much expensive machinery is required. Postage and stationery for general letter-writing are not heavy. The patrons of this department are easily served, if one understands them. Their requests for accommodation are few and far between. They represent a frugal and worthwhile class of citizens, though sometimes only in the making, and are really the "backbone" of the future, if not of today. From an entirely mercenary point of view, the individuals of this class are worth cultivating. The little men of today are the big men of tomorrow, financially speaking. Fate shuffles her cards. We see it every day. Any individual has a chance now and then at a trump hand. A growing savings department is a breeder of good will in the community. It is infinitely worth while for a bank to have thousands of small voices speaking its praises abroad, and that is what happens when each small depositor is treated well and goes away with a kindly feeling toward "his or her" bank. No other form of advertising can equal the spoken word.

A well-ordered savings department is a feeder to all other departments. Finally, the aggregate sum of money grows year by year and adds its strength to the bank, and the amount

of interest earnings over the small interest paid out, has its effect on dividends and stockholders.

ROUND TABLE DISCUSSIONS

It is necessary that the workers in the department also appreciate its value. A series of round-table discussions, after business hours, with an official as leader, will soon bring to light the general attitude of the workers. Misfits ought also to be detected and replaced. The manager of a savings department needs special qualifications of patience, tact, and courtesy. There should be a spirit of kindly helpfulness in the service. Many of the patrons are uneducated and unaccustomed to business, and a fine understanding of human nature is necessary in order to make the simplest technicalities clear. Women, if the right combination of sense and training be found, are excellent here. They are natural teachers, and timid folk are not in fear of them. Women usually appreciate the trust put into their hands, and give conscientious service.

At a second meeting of these workers it would be well to have the manager present a survey, or written analysis of the department as it stands. It would be decidedly worth while to have a reliable survey of the community, showing the number of people, the estimated wealth, the classes to be reached, and a conservative estimate of the quota that should be expected as a result of the anticipated work. This would be the goal to work toward. No doubt many ideas will be presented as to how to reach the goal. These should be carefully censored by the official in charge, as clerks sometimes become excited when asked to do the unusual, and draw on their imagination for ideas that are not quite practicable, many times resulting in embarrassment later.

ADVERTISING THE DEPARTMENT

The following plan is suggested, most of which has been tried out and proved. Arouse new life within the department itself first by sending a letter to each of the old depositors. This letter should be signed by the manager of the

savings department. This letter should have a cordial and sincere spirit, thus establishing a pleasing personal relationship between the department and its patrons. It should suggest in a tactful manner the necessity of renewed savings activity and urge that the depositor not only increase his own balance, but that other members of the family and relatives and friends be encouraged to save also. Introduction cards should be inclosed with the suggestion that they be given to anyone the depositor might send to the bank. In one case where this was done the suggestion was met with a gracious response and many new accounts was the result. Much depends on the way in which this letter is written. It should be composed by someone understanding human nature and the principles of psychology, and should be as nearly like a personal interview as possible. It will lose its effect if signed with a rubber stamp or an under-clerk. The manager should personally sign each one.

This letter should be followed from time to time with other shorter ones, alternating with leaflets and bits of advertising matter, all bearing on the suggestion of increased savings. An advertising letter should never have more than one inclosure. Opening a letter, curiosity impels us to unfold and glance at the contents. If the beginning draws interest, we read on. If one pamphlet or leaflet is inclosed we usually treat it the same way, but, if a letter and a handful of leaflets greet us, we are discouraged and throw the whole into the waste basket unread.

At special seasons, like New Year, Thanksgiving, or Independence Day, it would be well to send out letters bearing on some phase of the savings idea. Such times are used as markers, or "new leaf" times for many people, and it is easier to get active response then than at ordinary times.

Letters to members of classes may also be used. Each letter should be worked out so as to catch the interest of the individual members of the class. The idea is to start out with an idea that is known to be held pleasantly in the mind of the individual, which guar-

antees his interest. From this contact it is easy to lead up to the subject that one wishes to advance, bringing about a change in his indifferent attitude of mind to one of favorable interest. These names should be carefully checked against the books from time to time, as it is most embarrassing to solicit the account of an old depositor.

Simultaneous with this direct-by-mail campaign, should appear for a season, daily newspaper advertisements. I believe that the average block advertisement is great waste for a bank. It is well to keep the name before the public, but why use great space to do it? A greater benefit will be received from a series of from three to five-column inches, done in fine reading type like news articles, with a thought compelling heading. This heading might read "*What Has the Future in Store for You?*"—the story incorporated in the advertisement showing a savings account as the method of attainment. This small advertisement should appear daily in the same place, using a different story each time to illustrate the value of savings. This can easily be done by building around items of general interest in the newspapers.

It is useless to hit at the public with advertising now and then. The nail-driving method of hitting many times in the same place really brings results. Advertising must create desire and demand. It can be done by education and suggestion. The surest way is to build in a little bit at a time, though the "storm" methods have been known to succeed when enough power is used at one time to set the entire community to talking. Even then, they forget pretty soon, if constant reminders are not kept before them. Sometimes it is well to start a campaign with a large space advertisement, a little unusual in character, creating a great deal of talk, and then to catch and carry the interest on with small and regularly repeated advertisements.

Novelties are sometimes used to advantage, not that the name printed on a small article means anything much. It is the good feeling left with a person to whom something has been given

that is of value. A new or prospective depositor is pleased with a pencil or memo book. When a child comes with its mother to bank, and the manager sends it away happy with a small toy or a picture book, he has won the good will of more than one person, and very likely will fall heir to the account of the child itself later on. Here again care should be used not to buy expensive articles.

An annual calendar is splendid advertising. It can be used as a holiday gift, a card being sent bearing greetings and good wishes, asking that the patron come on a certain day for the calendar. If possible the manager should give out these calendars, and take advantage of the opportunity to personally encourage more active saving during the year. Ten or fifteen cents each should be ample for the calendar for the average savings department.

Personal soliciting has been done to advantage in developing savings departments. There are in stores and offices many men and women who would start a savings account, if the idea were "sold" to them. Like the letters and advertising these calls must be followed up, and the solicitor must know the art of salesmanship. This can also be done from door to door in the home districts. It is not unpleasant work, for, while people sometimes resent the approach of solicitors from other institutions, they usually feel honored by a visit from a representative from a bank. Managers, also, are usually willing for their workers to give time to the interview, since savings improve the general character and trustworthiness of the clerks themselves. The bank might start the ball rolling by urging its own employees to keep savings accounts. Bank clerks are notorious for lack of thrift. It is hard to sell anyone else an idea, if you do not believe in it yourself.

A campaign followed out enthusiastically and scientifically, with the bank officials, savings department workers and advertising department, all working with a unified aim—to reach the goal set—will surely put new life into any savings department.



JOHN McHUGH

President Mechanics and Metals National Bank, New York

AT the recent annual organization meeting of the Mechanics and Metals National Bank, Mr. McHugh was elected president. In 1915, Mr. McHugh came to New York as senior vice-president of the bank. For the last two years, in addition to his bank duties, he has been president of the Discount Corporation of New York, which he was instrumental in organizing. He also is the chairman of the organization committee of the Foreign Trade Financing Corporation.

Mr. McHugh started as a telegraph operator on the Grand Trunk Railroad, on a salary of \$10 a week. He was attracted to banking as a young man and decided to settle in the Middle West, where during the earlier years of his life, he was connected with several banks, finally climbing to the presidency of the First National Bank of Sioux City and at the same time to the presidency of Iowa Bankers' Association.

Attitudes and Ideals*

By N. F. Reich

THIS message is intended primarily and especially for the bankers of tomorrow. For the finished bankers of today—whether they have attained their present eminent positions of trust by coming the long way up through the various grades by sheer force of ability and personal effort, or whether they have been placed where they are by the operation of fortunate circumstances—I have no message. But for the younger members of the craft, including junior officers, tellers and clerks, I hope what I have to say may be a real and practical inspiration, and a help to a higher place in our profession.

Now if I were a captain of industry addressing you and trying to explain how I reached the pinnacle of fame and fortune by hard work I would expect some of you, at least, to say, "old stuff—we heard that same story years ago." But I am no such captain. I am one of you; a junior officer in a country bank working and striving for the goal which I shall claim as a matter of right when I have fairly won it.

This brings me to the foundation principle of success as I see it. Resolve to hold any and every position in your profession by the sheer argument of merit. If you have started at the bottom of the ladder as I have and have come to your present place in the bank by being advanced one step at a time as a reward for faithful service, you will appreciate what it means to win on merit. But if you have been so fortunate as to have been placed in an advanced position through the kindness of fate you are none the less duty bound to hold that position by the test of merit.

Ask yourself whether you could serve in any capacity below your present position without further preparation. If you could, you deserve to stay where you are providing you are filling the place efficiently. If you could not so serve, it is your duty to immediately fit

yourself by the shortest and best method to fill any of the aforementioned positions and you are not entitled to further advancement until you have done so.

"Pull" is something nice to have but ability is a great deal better; has a much better price in the labor market; and commands recognition everywhere among thinking men. Deserve your place in the world and you will never feel as if you had taken something to which you were not really entitled.

Attitudes and ideals. These are words of great significance. Your ideals determine your attitudes and your attitudes have a great bearing on how you get along in your work. In fact each is inseparably bound to the other and you cannot have one without the other.

Let us consider some examples:

1. Have a study hour. Know the theory as well as the practice. You may perhaps "get by" without study but you will never have the grasp nor the well rounded knowledge of the profession by either practice of theory alone.

Don't say you cannot find time. You can. Make time. My study hour happens to be 6:30 to 7:30 a. m. while the other members of the family are still asleep. Mind fresh, absolute quiet in the house, none to interfere—why it's a real pleasure. Then breakfast and on the job at eight o'clock.

For study work I would suggest first and foremost the courses offered by the A. I. B. When you have taken this work then follows the field of supplementary reading and you will never be able to exhaust the chances for profitable application here.

2. Have a study class in your own bank. Our institution has a clerical force of twenty-five and we occupy every Wednesday morning from eight to

*This article received honorable mention in the prize contest conducted by THE BANKERS MAGAZINE.

eighty-forty in the class work. (Bank opens at nine.) We pass class leadership around among the members who prepare papers or talks on live topics for delivery in their turn. Then we have questions in series of ten per lesson for twelve lessons taking one lesson a week. These questions printed ten on a sheet with correct answers printed on separate sheets are purchased by the bank. Questions are answered in writing and graded by an appointed officer. We also have talks by local attorneys and others on such subjects as primaries, etc.

3. Grasp opportunities to attend lectures on salesmanship and kindred topics. These need not necessarily all be on the banking business. Any lecture that has an ennobling or inspiring, or uplifting influence can have no other than a good effect on you by raising your ideal and strengthening your resolves.

4. In your routine work have some ideas and aims of your own. When a new line of work is turned over to you consider how the fellow before you did it and try to improve on his methods. Be original and progressive. Don't do it the old way just because every one before you did. If you introduce new and improved methods you will not have to advertise them—they will speak for themselves.

5. Lastly, try always to be cheerful and courteous. This is the hardest of all. When the books don't balance, or the work piles up or the line at the window is long it sometimes "gets" the best of us. But what a satisfaction it is to be told that a certain good customer said the other day, "I always go

to him because he is so pleasant and accommodating."

The head of the bank hears these comments and he says to himself, "I can't afford to let him go—he's a trade holder." It pays.

We all fall from grace occasionally but what a worthy ideal is this to work for and how we grow in its pursuit.

A position that doesn't give one a chance to grow is not worth the serious consideration of anyone who has an ambition to count for much in this world.

Now I would not imply by all I have said that we are to be serious, studious beings all the time. Far from it. We need recreation and plenty of it. Don't be lopsided either on the side of pleasure or on the side of work. Make a program. Be methodical. Plan ahead. Make your program to suit your own taste only let it be worthy.

Being naturally of a studious turn of mind I have a program of reading lasting all the year but on June 1 I lay aside my serious work and give myself over to "reading for pleasure" and to outdoor sports and for three months enjoy a period of relaxation. Of course outdoor sports are a part of my program all the year round but summer is the big vacation time for me.

As I come to close there enters my mind a sentence in one of the speeches of Theodore Roosevelt and I can find no more fitting expression of an ideal than this:

"It is only through labor and painful effort, by grim energy and resolute courage, that we move on to better things."



Turning Complaints Into Boosts

By Clarence T. Hubbard

EVERY banker experiences a certain amount of complaint from depositors prompted either through accident, carelessness or unreasonableness on the part of others. Veteran business men state that one complaint justified or unjustified can do more harm than several new accounts can do good. Complaints travel faster and farther than praise. Yet, notwithstanding, most complaints, if handled in a broadminded manner, can be transformed into boosts.

The plan followed by one large New England bank can be recommended in this effort. The president of this large bank is an extremely busy man, both in his business and outside. He does not have time to watch all the details of his busy institution. He fully recognizes, however, the importance of complaints and the damage they can do and in order to prevent such damage he has a hard and fast rule in his office that *all complaints must be referred to him*, no matter what their nature. The letters of commendation he also appreciates, but these, he reasons, are to be expected. Every complaint letter arriving in his bank must reach his attention. There is no alternative to the rule. With this plan he not only minimizes the complaints in his office but properly disposes of those which do occur. As it is human to err no one can really expect to entirely prevent them, particularly in the complicated business of banking.

What are some of the ways complaints can be turned into boosts?

First a clear understanding should be had with all employees as to the *seriousness* of complaints. A firm attitude on the subject should be made very clear to all employed so that every employee and official will treat complaints of all kinds with full respect and careful thought, and in addition do everything possible to prevent the cause of them.

Secondly, acquaint those under your

direction with every case whereby a complaint is turned to good fortune. Exhibit the evidence. Drive home the value of its success.

Third, consider the value of letter writing in the handling of complaints. No banker is exempt from these sometimes trying communications. In view of the indisputable fact that complaints travel much faster than praise, the banker should consider the depositors' viewpoint and endeavor to turn complaints into boosts through skill in letter writing as well as other ways.

Answers to complaint letters should not be too apologetic. Neither should they be too defensive. The replies should meet the customer more than half way and make every effort to assure him or her that the attitude is to render justified service and equitable treatment to all.

A letter which can be studied for the good thought contained is the one following. It represents a form communication used by a large department store in answering complaints. It would indeed be a "hard-boiled" customer who was not soothed by the sincerity and willing-to-be-fair attitude so evident in this good answer.

Dear Sir:

Your gentle knock has opened the doors of our complaint department to you. You will always find us willing to investigate the smallest irregularity with an army officer's prudence.

It is human to err—and with several hundred employees in this company an occasional cross-grain will result. Although we employ great discretion in the selection of our help, we do not consider our help any better than anyone else. We do, however, instruct our clerks to have a broader view of service than is perhaps usual. Therefore, it grieves us to hear of the breach of courtesy you write about. The complaint department investigates each case without partiality and you may rest assured that your case will be rightfully corrected as it deserves.

The management sincerely hopes for your future patronage and good will and in turn

offers the best of service which every complaint tends to improve.

Very sincerely yours,

There is a bank executive who, in recognition of the importance of properly handling complaints, always makes it a point to follow up a verbal complaint with a letter. Each one of his employees and officers must give him a report as to any complaints made whether as to the service of the bank or the action of any of its employees. To the complainants he dispatches a letter over his signature, and in this way aids considerably in re-establishing the bonds of good will so necessary to successful growth and reputation. Following is the type of communication he employs:

Dear Sir:

You were certainly justified in bringing to our attention the recent over-charge on the interest of your note. I am sure you appreciate that it was entirely an unintentional error.

Incidents of this nature will occasionally creep in despite our most sincere efforts to have everything right. Accuracy is an important part of our service.

Please be convinced that our policy is to always make "everything right" when fully justified and you have our pledge that every effort will be expended to keep our word in this direction.

Your inconvenience in the matter is fully recognized and I can assure you we will try to more than make it right in the future service offered. Best wishes.

Sincerely yours,

The tone of the above letter is excellent. It fairly radiates good will and yet it does not apologize or "fall all over the depositor." One of the most commendable features of this letter is the final paragraph which definitely and in a clear-cut manner impresses the reader with the spirit of the bank. There is no "hoping that" or "trusting this will be satisfactory," ending. The final words are definite, clear and sufficient.

This same banker maintains a record of complaints made, recording the names of the complainants. This he

finds helpful for guidance when sending out advertising material or other notices. If, to his knowledge, the complainant still entertains a doubtful feeling towards the bank, he does not attempt to further complicate matters by pressing an increase in deposits or by submitting further advertising literature that might invoke comment. This plan also enables him to occasionally add a personal note when sending out material to such depositors and prospects, thereby fitting the appeal to the depositor and removing all the hazards of the re-opening of old feelings.

Another banker—one who has worked his way through the ranks—when approached on the subject of complaints mentioned that in his opinion considerable could be accomplished in the turning of complaints into boosts if bank employees would meet all complainants on common ground. In many complaints, according to this executive, so many have the habit of replying "Is that so?" or similar doubtful remarks. To overcome this, he suggests that all bank employees try to better visualize the depositor and treat all complaints tendered as being something which might be properly founded and worth giving consideration instead of always demonstrating a negative and arbitrary attitude.

A few thoughts which bankers can remember to advantage on the subject of complaints are printed following:

Complaints undo what expensive advertising, service and management originally produce.

Complaints, like gossip spread, and when related by one to another generally accepted as stated.

Complaints can be minimized through a forehanded practice of "thoroughness."

Complaints can be turned into boosts without thin apologies through the employment of frankness, sincerity and an attitude to have "everyone satisfied."

To ignore complaints is like ignoring a furnace—you are apt to get a lasting chill.



"Our Deposits Are Going Into the Shysters' Pockets!"

By M. E. Chase

"OUR savings deposits are going into the shyster's pocket. Give me an ad that will stop it!" just wrote a banker I am serving as advertising counsel.

Now it hadn't been but two months before that this banker had frowned upon the idea of putting over a campaign designed to educate folks on what is an "all wool and yard wide" investment.

"These are hard times, folks have no money to invest." "We seldom have inquiries for investments, folks aren't interested." And last but not least, "We'll lose our savings deposits." These are a few of the objections Mr. Banker hurled at me. But when the bank's savings began to go out into stuff that wasn't worth a nickel as collateral, then Mr. Banker writes for a magic ad that would bring the town to its senses.

I went down to see him.

And at the hotel in that town I accidentally-on-purpose got in conversation with the proprietor about things in general, and talk drifted naturally to making money. He told me he had taken a fling in the very thing my banker was alarmed over. The druggist across the street, a good friend of his, thought it was pretty good and he believed chances of making some money were better than fair. I asked him what the banks in town thought about it.

"Laws sakes," he ejaculated, "a bank's the last place I'd go to on a thing of that kind, especially if I was checking the money out of that bank. Why, they make all they can off of us fellows but now tell me, isn't it the gospel truth that you next to never see a banker that would put a fellow wise to a good thing?"

Yes, honestly, bankers, depositors as a rule are afraid of you. They have a cold respect for you mayhaps, but as for having the same confiding faith in you, they do in their physician or their lawyer—no, they don't!

They'd go to either of these gentlemen and state their case truthfully, fearlessly and with the feeling that they were thereby going to get disinterested advice and assistance.

As I told my bank client—"In that respect, you bankers have a black eye for you have a national reputation for being cold-blooded. Why folks hail as a wonder a bank that is warm-hearted and thoroughly interested in its customers to the extent of *voluntarily suggesting* good investments.

No, don't shake your head and say I'm too strong on that statement.

A year ago the question was put to several hundred banks by the company writing their advertising—"Do you want copy suggesting folks save to invest?" And back came a flood of "Nos." Only ten banks answered "Yes."

Now these were scattered in every state in the Union, so it was fairly representative of the American banker's general attitude.

But, banker folks, isn't it reasonable to suppose that shysters would not find the going so easy if more banks would set their advertising and their attitude to the tune—

"We are always alert for the best investments to be had, so that folks in our town who have money to invest, may conveniently put that money to work in something that is safe and brings in the current rate of interest—the rate customers pay when they borrow from their banks."

Add to such newspaper advertising a series of simple understandable letters, or a monthly house organ. And show the man who has no money to invest, *how* by saving five or ten a pay-day, he can soon accumulate the money to acquire one good investment after another.

Let's put ourselves in Mr. Average

Customer's shoes: If your bank and mine were helping us to know a good investment, if it were keeping a stock of good investments on hand for us, and when your account and mine at that bank reached "the danger point" which is over \$500 some one tells us—when we had over \$500, our bank would write us a letter calling attention to the fact that if that money was not being saved for some definite purpose, we would do better to put it at a higher paying job, now that it had grown big enough: And our bank would suggest a seven per cent. bond for our surplus funds.

Why, you and I would feel we had a bank that was behind us—and not too far behind us.

It would serve as an incentive to save more. And we'd recommend our system of getting on—and our bank—to friends. So, it would work out that the bank's total deposits would *increase* rather than go down on account of our investing.

And then, it makes you and me better customers. When we do need to borrow, we have acceptable collateral to offer. We also have bond interest to swell our savings accounts twice a year.

Under such circumstances, would you or I be much influenced by the shyster? And if his proposition did by chance, look good to us, wouldn't our inclination be to see what our banker thought of it? You and I would figure out like this: Now my bank wants me to make as much money off my savings as I can. Three months ago they wrote me, out of a blue sky, inviting me, mind you, inviting me to withdraw a good part of my savings and invest them at seven per cent. They could just as well have invested that money of mine for the bank at seven per cent. and kept on paying me three per cent.—but they were honest and truly looking after my welfare. If my bank will do that, they will also tell me fairly and squarely, whether this proposition which this agent is offering me, is all right.

But going back to the banker who asked for a lone magic ad to stop the

flow of his deposits into the shyster's pocket.

I was lunching that day with a fellow bank ad man. I stated my case to him. "Now what kind of an ad will do the work in your estimation?" I inquired.

He told me, "There ain't no such animal."

And we agreed—as bankers are beginning to agree—that the only way to control the investments of their customers, is to start as soon as a customer makes his first deposit in a savings account. Start then by urging that customer to deposit consistently every time he is paid. And dangle before him a good bond. In actual practice it works just like holding Baby Jean's new toy three paces off and urging her to "Come get it." We never outgrow that need for spur to accomplishment, do we?

Yes, Baby Jean's daddy will pay day after pay day walk toward the investment you are holding out and making so attractive, whereas he will otherwise squat down where he is, and not exert himself to "stand on his own feet."

Just holding the bond before his eyes, is not enough. He may think, "I don't know what that thing is. It doesn't belong to my world," especially if the circular describing the bond is couched in terms altogether foreign to him. We must talk of the new to him, in terms of the familiar. Then pretty soon he will just naturally begin to look at that bond we are holding at the end of a \$500 savings balance as a very part of his world. He begins to look upon his banker as a regular friend, to be trusted and relied upon for guidance.

Now isn't that what the relation between banker and customer must be *before* the banker can control the customer's savings deposits?

And banker folks, *no one magic ad* can accomplish that. It takes persistent propaganda of the most delicate sort.

Sure enough these are dull times as my banker said. But he found that contrary to his belief, folks *did* have money to invest.

Your community cannot be so different, for this one has been hit three ways by the business depression—it's a fac-

tory, a railroad and a farming center.

Yet hard as it was hit, there were many folks with funds to invest. And they responded to the first one who offered them "investments."

It was the shyster!

While this bank has for some time

kept a few bonds available for customers, if any should insist upon investing their savings, it is now, after this little awakening, coming out fearlessly with a series of advertisements designed to educate folks up on good investments and create a desire to possess them.



Sickness and Savings

By Reginald P. Ray

THE currency of the world is sick. Bankers are turning to the financial economists or money doctors to find the cure. The diagnosis has been made but the remedy is taxing to the utmost the skill and brains of the foremost statisticians and financial experts. It is safe to say that a cure will be found and in all probability it will be "made in America." While the world is awaiting the panacea, speculation is rife as to what the immediate future holds for us in the United States.

There is a class of investors, awaiting the solution of the world's financial problem, being ready as soon as it shows a fair degree of recovery to invest large sums in trade developments. There is another class of investors, represented by the fiduciaries controlling the investment of bank deposits and life insurance premiums, which is not so materially influenced by world conditions, but which, nevertheless, feels the need of caution.

Previous to the improvement in the bond market, these investors took refuge in United States Government securities as being entirely beyond suspicion. Liberty bonds and United States certificates of indebtedness netting five and one-half per cent. or better were obviously a conservative and profitable investment for trust funds. When prices improved, many bankers sold the Liberty bonds purchased at low levels, taking the profits on the trans-

actions. A large part of these trust deposits had been invested and re-invested in the short term certificates of indebtedness issued by the Treasury Department, but owing to the reduction in the rates of interest the money can not now be re-invested profitably in the same securities. The question thus presented is, where should these funds be re-invested in the face of the unsettled financial condition existing not only in the United States but throughout the world? Money must be kept invested for dividends must be paid. Industrial bonds are out of the question, because of statutory regulations. Call money loans and commercial paper, known as bankers' acceptances, because of the declining interest rates are, like the Government securities, relatively unprofitable. Rails, municipals and real estate mortgages are therefore the investments from which the choice must be made. Rails are not attractive to this class of investors, because of the well-known turmoil in railroad finances and the broader disturbances mentioned above. Again so many bankers are burdened with pre-war legacies of low income rail investments, which they have been unable to dispose of owing to the sharp decline in capital value that they are not disposed to increase their rail investments. Municipal bonds with which the market has been flooded are in demand by private investors, who are bent on lightening their income tax burdens. This competition has forced up

prices of municipals to levels not attractive to fiduciaries who must earn at least four per cent. and in some cases four and one-half per cent. net for their depositors. There remains, then, real estate mortgages, which the statistics collected by the census bureau at Washington show to yield from five and one-half per cent. throughout the United States.

Granted that world finances are, to say the least, unsettled and that our own future is, to some extent, linked with and dependent upon that of the whole world, the investment for our fiduciaries must for the moment be removed as far as possible from outside influences. A mortgage on real estate is relatively unaffected by disturbances, financial or industrial, either at home or abroad—this is particularly true when a mortgage is on a home. Elucidation of this fact is hardly necessary.

The average mortgage loan is for a three-year term, while loans by savings banks are usually made for but one year and by national banks for one year, by statutory requirement. Thus compared to the long term bond investment, mortgages can be utilized to produce cash should the occasion require. A prominent savings bank president of New York state is authority for the statement that during the war his mortgages were his best source of cash, because he could always call for a reduction and get it without the sacrifice which the sale of his rails or other bond investments would have entailed at the then greatly depressed price. Again, every sound investor of funds accumulated from savings believes that his first duty is to the community from which his money comes. Conservative mortgages on real estate are a great aid in local development and at the same time supply the investor with a productive investment. The housing shortage, which is the cause of high rents and general dissatisfaction and in many cases actual discomfort and hardship is due in no small degree to the withdrawal of funds from the mortgage market by investors wishing to escape the income tax or to secure the abnor-

mally high interest rates offered by foreign governments.

Notwithstanding the housing trouble and the neglected building program, there are some communities in which the bankers find an insufficient outlet in mortgage loans for the money deposited. Thus, they are forced out of their home market and find their mortgages in communities which have a more active real estate market.

To meet this condition, the guaranteed mortgage investment has been evolved. By requiring a guarantee by a responsible corporation, the banker investor, who wishes to increase his mortgage account and finds an insufficient demand for mortgage loans in his home community, may safely buy mortgages made in a community with which he is relatively unfamiliar, but which has a surplus of mortgage loan applications. The safety of his loan depends on the character of the guarantor. In New York State the guarantee companies are under the supervision of the State Department of Insurance, assuring their soundness. Thus the real estate mortgage is available to the investor of savings bank and life insurance funds without respect to the home demand and as the income of these institutions is exempt from the income tax the net interest return is sufficient to assure a dividend to depositors of four per cent. or even four and one-half per cent.

The best forecasters, who are willing to venture a definite guess as to the future, give the period of world recovery not in terms of months, but in terms of years. The three-year mortgage would therefore suggest itself as, in point of time, neither too long nor too short to meet present requirements. It is greatly to be hoped that such a term will be ample to take us over the convalescent period of world finances. Summing up the investments in the limited field open to fiduciaries, it would seem that the slogan "back to the land" might well be heeded at this time by careful investors as well as by those for whose admonition in a different sense it was originally coined.

Banking and Commercial Law

SPECIAL

The **BANKERS
MAGAZINE**

SECTION



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The Sioux Falls National Bank Building
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27 YEARS AGO the Weary and Alford Company was organized to engage exclusively in the design and execution of bank and office buildings and banking interiors. During the ensuing years a multitude of clients have availed themselves of this specialized service and have evidenced by continued patronage the value and effectiveness of the service rendered.

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Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts
Upon Questions of the Law of Banking and Negotiable Instruments

Liability of Bank to Depositor for Stolen Liberty Bonds

Trustees of Elon College v. Elon Banking
and Trust Company, Supreme Court
of North Carolina, 109
S. E. Rep. 6.

THE question whether a bank, which receives from a customer Liberty bonds for safe keeping, is liable in the event that the bonds are stolen by burglars is a question of fact to be determined by the jury. One who receives property for safe keeping without compensation, or a gratuitous bailee as he is legally termed, is not held to as strict a degree of liability as one who is paid for his services. But in the case of a bank receiving bonds from its customers for safe keeping, it is held that the bank is not acting gratuitously, even though it receives no direct compensation. The bank is compensated indirectly by the business, which it attracts or hope to attract, through performing these services for its customers.

In this case the owner of Liberty bonds delivered them to a bank for the purpose of having them exchanged for bonds of a permanent issue. The bank was instructed to insure the bonds, and it did insure them while they were in transit. But when the new bonds were received the bank placed them in a vault, the contents of which were insured only to the extent of ten per cent. of their value. The bank neglected to place the bonds in a burglar-proof compartment within the safe, in which it kept its cash and other valuables, the contents of which were insured for their full value. And the bank neglected to notify the owner that the new bonds had been received. While the bonds were in the bank's possession, the vault was broken into by burglars and the bonds were stolen. The burglars did not succeed in effecting an entrance into the burglar-proof compartment.

The case was submitted to the court

by the parties upon an agreed statement of facts and the court found in favor of the bank. On appeal, the Appellate Court pointed out that the most important fact, that is the question whether the bank had been guilty of negligence, had not been agreed upon. For this reason, the decision was reversed and sent back with instructions to the effect that this question, in as much as the parties were not likely to agree upon it, should be submitted to a jury.

OPINION

Action by the Trustees of Elon College against the Elon Banking and Trust Company. Case heard on facts agreed. Judgment for defendant, and plaintiff appeals. Reversed and remanded.

This action was brought to recover the value of certain bonds of the United States, known as Liberty bonds, which were deposited with the defendant for the purpose of being exchanged for the new bonds to be issued in their stead under the act of the Congress. The exchange was effected by the defendant and the bonds received by it and deposited in its bank, which will hereinafter more fully appear. They were stolen by burglars. Hence this action for their loss. A more detailed account of the facts and incidents of the case seems to be required.

The following is a substantial statement of the facts, as they appear in the record:

Plaintiffs are the Trustees of Elon College, and the defendant is a corporation of Elon College, N. C., engaged in the business of banking and writing, as agents, contracts of insurance. On March 15, 1920, defendant received from plaintiffs \$5,850 in United States Liberty bonds (of which only \$4,400 is here involved) belonging to plaintiffs, to be transmitted by defendant through the Federal Reserve Bank at Richmond, to the United States Treasury Depart-

ment at Washington, and converted into bonds of the permanent issue and returned to plaintiffs. Plaintiffs offered to pay any expenses incident to the service, but the bank agreed to handle the transaction, as was its custom, as a matter of accommodation, and further agreed to notify plaintiffs' agent, T. C. Amick, treasurer of the college, upon the return of said bonds. Plaintiffs requested that the shipment be protected by insurance, and the defendant procured such insurance upon the transmission of the bonds from Elon College to Richmond. Of the bonds \$4,400 were duly returned, arriving at the post-office at Elon College on March 24, 1920, and on that date were receipted for by defendant's cashier, and taken into defendant's safe, where they remained until stolen, as hereinafter set out. On the night of April 19, defendant's safe was blown open by persons unknown to the parties, and said \$4,400 in bonds as well as other property were stolen and have not been recovered. It had been the custom of plaintiffs to keep their bonds and other valuables in a safe in the main building of the college, and not in defendant's safe. At the time of the burglary the college bonds were deposited in the defendant's safe, where the bank kept its own government bonds (which were also stolen), but not in the part thereof where the bank kept its cash and currency. That by the terms of certain insurance policies carried by the defendant, the bank could recover 100 per cent. of any loss from the money chest (or burglar-proof compartment), but could recover only ten per cent. of any loss from other portions of the vault.

T. C. Amick, treasurer of the college, resides at Elon College, and is a teacher therein, and was at all times a director, vice-president and local auditor of defendant bank; that on April 2, 1920, he checked up the books of the bank and found \$5,800 in Liberty bonds in there, but the books seen by him did not show that any of the bonds, belonged to plaintiffs. A certificate or affidavit made by Amick, as auditor of the bank, showing that the bank had \$5,800 Liberty bonds in the vault on April 2, 1920, was

later used by the bank to induce the insurance companies to include the \$4,400 of college bonds in the total appraisal of loss sustained by the burglary, a copy of which affidavit is set out in the record. At the time of the burglary, the defendant carried two policies of burglary insurance; and in proof of the claim for loss under said policies the converted bonds belonging to plaintiffs, amounting to \$4,400, were listed by the defendant as property, or money for which the defendant was liable, and defendant has received and now has ten per cent. of the said sum, or \$440, which it thus received from the insurance companies. If said bonds had been in the burglar-proof compartment where defendant kept its money, the bonds would not have been stolen, or, if stolen, the defendant would have received the full value of the same, or \$4,400.

The defendant has tendered the sum of \$440 to plaintiffs in full of plaintiffs' claim against it, but the offer has been declined. Defendant still tenders and offers to pay plaintiffs said sum of \$440.

The case was heard on facts agreed submitting the controversy without action to the judgment of the court.

The court gave judgment for the defendant, and plaintiff appealed.

WALKER, J. (after stating the facts as above)—The plaintiffs' counsel contended that, in the consideration of the questions presented here, certain material facts, which they contend have been admitted, should be kept in mind and control our decision. We will state, as briefly as possible, the grounds upon which these contentions are laid, in discussing the prominent features of the case.

The bank solicited the business, and by reason of the bank's offer the plaintiffs did forego other safe and convenient methods of transmitting the bonds. The bank held itself out as having safe means of preserving the bonds, plaintiffs asked for insurance that would protect them, offered to pay any expense incident thereto, and defendant is an insurance agent. The bank, being in the insurance business, was in a position to know just how fully it was pro-

tected, and but for its negligence in acquainting itself with the terms of its own insurance policies might have been, and doubtless would have been, fully protected, instead of being protected only to the extent of ten per cent. The bank agreed to notify plaintiffs upon return of the bonds. It negligently failed for twenty-six days to do so. If it had done so, the plaintiffs would have taken them from the bank and placed them in the safe of the college, "where it was the custom for the college to keep its bonds." The college safe was not robbed. The bank did not keep these bonds where it kept its money, and if it had, they would not have been stolen, or, if they had been stolen the bank would have recovered from the insurance company 100 per cent. of such loss. The bank at the time of the loss, acknowledged its liability, and recovered \$440 insurance money by solemnly declaring its liability. It still has this money. It has never offered to return the money to the insurance company, but instead offers it to plaintiffs, and avers that it is liable only to this extent. These are some of plaintiffs' contentions.

It is thus well said, in an interesting note by the late Judge Freeman, to be found in 38 Am. St. Rep. 773:

"A very important part of the business of every bank, whether private or incorporated, consists of acting as an agent or bailee for its customers."

It was at one time held by some courts that such services were outside the scope of authority of banking institutions, but all doubt about their propriety has been removed by such well-considered opinions as *First National Bank of Carlisle v. Graham*, 100 U. S. 699, 25 L. Ed. 750, and *Third National Bank v. Boyd*, 44 Md. 47, 22 Am. Rep. 35.

While it is a general rule that an accommodation bailee is liable only for gross negligence, the courts in nearly all recent cases have held that a stricter degree of care is required of banking institutions receiving articles of more than usual value, and holding themselves out as having special facilities

for their transmission and safekeeping. In fact, they are not accommodation bailees, for while a bank "may not receive any direct compensation for its service, it obtains advantages therefrom in attracting and retaining clients." Note, *Isham v. Post*, 38 Am. St. Rep. 781. In the case of *Levy v. Pike*, 25 La. Ann. 630, the court, discussing a case somewhat similar to this, substantially said:

"Their object was doubtless to increase their deposits, and, of course, enhance their profits; and to accomplish it they held themselves out to the business community as prepared to take care of their valuable boxes. The taking care. . . of these boxes was a part of the business of the bank, by which they doubtless induced cash deposits and made considerable profits. We, therefore, do not regard the deposit in question as only a gratuitous one. Something more than no gross negligence or fraud was expected from the defendants. . . . They were bound to exercise such diligence as prudent bankers would exercise in taking care and preserving a thing of that character deposited with them."

Since banks hold themselves out as having unusually safe and convenient means of transmitting and keeping Liberty bonds and other valuable securities as well as money, and since such institutions at such small cost can obtain indemnity that will absolutely protect them, the courts have come to apply to them a measure of liability which has been invited by them, to wit, the rule of the ordinary prudent man in like circumstances; or, to be more specific, the care that a prudent and diligent banker would give his own property or securities of like value and importance. As has been said, the assertion that banks are liable for gross negligence only is well calculated, if generally accepted as such, to thwart the only purpose for which such a deposit is ever made. Banks are instituted, and their buildings constructed, for the delivery in, and safe-keeping of, money and money securities; and these bonds were deposited in defendant's bank for greater se-

curity of the bonds, that is, for safe-keeping. *Whitney v. National Bank*, 55 Vt. 155, 45 Am. Rep. 598; *Isham v. Post*, 141 N. Y. 100, N. E. 1084, 23 L. R. A. 90, 38 Am. St. Rep. 780, and note. Schouler, in his recent work on *Bailments and Carriers* (Section 35), after stating that a gratuitous bailee is liable only for slight care and diligence, according to the circumstances, and cannot be held for loss or injury, unless grossly negligent, says:

"This statement of the rule, though strongly buttressed upon authority, fails at this day of universal approval in our jurisprudence."

The same author says that what is negligence or gross negligence depends largely upon the value of the property, and upon business usage, and the attendant facts. This court, in *Hanes v. Shapiro*, 168 N. C. 24, 84 S. E. 33, treating of this question, brings our state into line with the majority of jurisdictions, by saying:

"But, in the last analysis, the care required by law is that of the man of ordinary prudence. This is the safest and best rule, and rids us of the technical and useless distinctions in regard to the subject."

And this case is quoted with approval in *Perry v. Railroad*, 171 N. C. 158, 88 S. E. 156, L. R. A. 1916E, 478. It is evident that the so-called distinctions between slight, ordinary and gross negligence over which courts have perhaps somewhat quibbled for a hundred years can furnish no assistance. *Maddock v. Riggs*, 106 Kan. 808, 190 Pac. 12, 12 A. L. R. 221. The care must be "commensurate care," having regard to the value of the property bailed and the particular circumstances of the case. *Hanes v. Shapiro*, supra.

The Supreme Court of the United States, in the case of *Preston v. Prather*, 137 U. S. 604, 11 Sup. Ct. 162, 34 L. Ed. 788, held that banks, acting as bailees, without reward, in the care of special deposits are bound to exercise such reasonable care as men of common prudence bestow upon the protection of their own property of a similar

character. The theory that the bailee's care of his own property is a satisfactory test of his duty to a bailor has also been rejected. It is now the law that the bailee must take such care of his property as prudent and careful business men generally take of property of like value and importance. Any other rule would put a premium upon negligence and carelessness. The modern rule is well stated in *Maddock v. Riggs*, 106 Kan. 808, 190 Pac. 12, 12 A. L. R. 219, and is, in substance, this: "That while many respectable authorities may be found which regard such a showing as the true test in determining whether there has been gross negligence, the better rule is that taking such care of the property, or thing, as of one's own, repels a presumption of gross negligence; but this may be overcome and liability fastened upon the bailee; nevertheless, by showing the failure to exercise the care that under all the circumstances was required of him, because, manifestly, one may take risks with his own property that he has no right to take with another's, and because it is not a question of the care exercised by him as an individual merely, but as one of a class. In 3 R. C. L. at page 102, it is well said that a gratuitous bailee will not be permitted to absolve himself from all responsibility for the care of an article bailed, merely by proving that he has been likewise grossly negligent with his own goods. See, also, 6 C. J. 1119, §§ 57 and 59.

In *Boyden v. Bank*, 65 N. C. at page 19, is found an expression which is relied on by defendant, that a bank "is bound only to keep a (special) deposit with the same care that it keeps its own property of a like description. Of course, the court did not mean to make the bald statement that a bank can be negligent with its own property, and be excused from responsibility for that of another, because the latter was held by it as bailee and dealt with in the same manner as was its owner. In the old case of *Doorman v. Jenkins* (1834) 2 Ad. & El. 256, 111 Eng. Reprint, 99, 4 Nev. & M. 179, 4 L. J. K. B. N. S. 29, the plaintiff

proved the delivery of the money to the defendant for the purpose of taking up a bill. The defendant was the proprietor of a coffee house, and the account he gave of the loss was that he unfortunately placed the money in a cash box which was kept in the taproom, and that the cash box with the plaintiff's money in it, and also a larger sum belonging to the defendant, was stolen from its place of deposit on a Sunday. Lord Chief Justice Denman, a very eminent and learned jurist, said in his charge it did not follow, from the defendant's having lost his own money, at the same time as the plaintiff's, that he had taken such care of the plaintiff's money as a reasonable and prudent man would ordinarily take of his own. The case is reported in 2 Ad. & El. 256 (111 Eng. Reprint, 99), where the action of the court in leaving the question, whether there had been culpable negligence, to the jury, was approved. See, also, *Coggs v. Bernard*, 2 Ld. Raym, 909 (92 Eng. Reprint, 107), 1 Smith, Lead, Cas. 199.

We dealt with this question in *Marks v. Cotton Mills*, 135 N. C. 287, 47 S. E. 432, and *Hanes v. Shapiro*, supra. In the *Marks* Case, we held that an employer in respect to machinery and appliances was not exonerated from liability for an injury received by his employee, while using a machine or appliance, simply because he exercised that degree of care which he would have used if he had been supplying them for his own use, but that he must have been as careful of his employee as a man of ordinary prudence would have been if he was himself exposed to injury, and having regard for his own safety. The principle as to negligence is practically the same in both of the classes.

Reverting to the agreed facts in the case at bar, plaintiffs contend that the defendant has admitted five important things:

- (1) It received the bonds as bailee, and is unable to return them.
- (2) It was directed to insure the bonds, but carried only ten per cent. insurance on them.

(3) It failed for a period of twenty-six days, contrary to express agreement, to notify plaintiffs that the bonds had been returned.

(4) It failed to keep the bonds in the burglar-proof compartment of its safe, where there was 100 per cent. safety—and 100 per cent. insurance.

(5) It virtually admitted to its insurance company that it was liable for the loss and has received as insurance money, and retains ten per cent. of the amount of the loss.

As to the first proposition, it seems to be well-settled law in this jurisdiction, and generally, that when it is shown that the property in question has been delivered to the bailee, and is not returned, or cannot be returned, there is a *prima facie* case made for the bailor which is sufficient to carry the case to the jury and to authorize a verdict for him. 3 R. C. L. pp. 150, 151; *Hanes v. Shapiro*, supra; *Sprinkle v. Brimm*, 144 N. C. 401, 57 S. E. 148, 12 L. R. A. (N. S.) 679.

There is some reference in the briefs, and also in the argument before us, to the question of insurance, that is, as to the duty of the defendant to have kept the bonds insured to their full value in compliance with a request to that effect made by the plaintiffs, but we need not enter at large upon the consideration of this question, as we will briefly refer to it later in our conclusion as to the present disposition of the case; and in the same category must be placed the reference to the notice by defendant to plaintiffs of the arrival of the new bonds, it being contended as to that feature of this case that the doctrine of *Martin v. Cuthbertson*, 64 N. C. 328, applies, where it is held by the court: "Where . . . there is any material departure from the terms of the bailment, the bailee becomes a wrongdoer, and is liable for any injury which results from the departure, without regard to the question of negligence."

And, in this connection, they also rely on 6 Corpus Juris, 1110 and 1111, as stating the rule of the most recent authorities, viz.: Where there is an express and valid contract, the terms thereof

control, since both bailor and the bailee are entitled to impose on each other any terms they respectively may choose, and their express agreement will prevail against general principles of law applicable in the absence of such an agreement. The bailee is liable for loss resulting from breach of his contract to keep the property in a particular manner, or to return it at a particular time, or other special stipulation in regard to the property, without regard to whether he has been otherwise negligent. They refer also to *Carll v. Goldberg*, 59 Misc. Rep. 172, 110 N. Y. Supp. 318; *Cochran v. Walker* (Tex. Civ. App.) 49 S. W. 403; *Sprinkle v. Brimm*, 144 N. C. 401, 57 S. E. 148, 12 L. R. A. (N. S.) 679.

Plaintiffs contend further that the defendant kept the bonds in the wrong place, an unsafe place, while it kept its own money in the "money chest," which proved to be a safe place for it; but this matter also may be deferred for additional treatment in our conclusion, and also the contention that defendant has virtually admitted its liability, by collecting the \$440 from the insurance company upon its representation, expressed or implied, that it was, at least to that extent liable to the plaintiffs.

We come now to the conclusion of the law upon all these matters, and variety of contentions.

The concise question necessarily involved in this case is whether the defendant, as bailee of the bonds, has exercised that care which the law requires of it, in the custody and preservation of them, and whether it gave the notice of their arrival at its banking house, and in other respect complied with the contract of bailment. We find ourselves unable to determine these questions and to decide fairly and correctly as to the rights of the one party, or the liability of the other, upon the case agreed as we find it to be in the record. Whether there has been negligence in the performance of any legal duty is generally a composite question of fact and law, and is in this case, as in nearly all others, one for the jury to decide under proper instructions from the court. The admissions of the parties,

as stated in this case, are not so conclusive in their character, and not so comprehensive, as to present the naked question of law whether the defendant has broken the contract of bailment and the plaintiffs have been thereby proximately injured. We can well conceive of other elements, or facts and circumstances additional to those stated in the case, which may well enter into the proper solution of this central and controlling question. The defendant does not, expressly or impliedly, admit its negligence, but denies it strenuously, and, conversely, the plaintiffs do not, expressly or impliedly, admit that there was no negligence. Neither could safely make such an admission. It would end the case against it (the bank or college) should either be so indiscreet as to make the admission. Negligence is pre-eminently a question for a jury, with proper advice from the court as to the law, to pass upon; as to the existence or non-existence of it in the particular case depends upon the special facts and circumstances—and all of them.

We do not assert that the facts and circumstances cannot be so stated as to determine the rights and liabilities of the respective parties, but they are not apt to be, as it might require too grave and serious an admission, if not a fatal one, on the part of one or the other of the litigants. Sufficient it is to state that such a case is not presented here. The parties have selected the wrong method of presenting the true question involved in the case, or, to state it another way, they have not stated exhaustively all the facts and circumstances essential to a decision of the pivotal issue, whether there has been negligence.

We hold though that there is evidence of a consideration for the bailment, and if the latter is found by the jury to exist, the measure of care, which the law requires to be exercised by the bank, would be that of an ordinarily prudent person in like circumstances, and not merely slight care, and its responsibility would consequently arise without the presence of gross negligence.

The facts recited by us in this opinion, and partially repeated elsewhere, are evidence of negligence indisputably, but only evidentiary in character, as the ultimate fact of negligence is not stated in the case, and whether the notice was given, or, if given, whether the plaintiffs would have removed the deposit before the theft are also, and at least, but matters of fact, as is the question whether the plaintiff had actual knowledge that the bonds had come. (*Bank v. Burgwyn*, 110 N. C. 267, S. E. 623) and were in the bank for them, or their order, thereby dispensing with notice. We do not decide such questions, but only questions of law. A case agreed must state all the facts necessary to a decision, which this case does not do. In this, if not in other respects, the agreed case lacks completeness. This must be so, unless, whether there is negligence is not a mixed one of law and fact.

For the reasons given, the case is remanded, with directions to submit it to a jury to find as to the question of negligence upon all the evidence, unless the parties agree to a reference for that purpose, or unless they can, and will, amend their case so as to present the bare question of law, which they are not likely to do.

Error, and remanded with instructions.

CLARK, C. J. (dissenting).



Trade Acceptances Held Not Negotiable

United etc. Company v. Siberian Commercial Company, Supreme Court of Washington, 201 Pac. Rep. 21.

Two trade acceptances, date August 1, 1919, were payable on November 1 and December 1, respectively, the year being omitted from the date of payment in each instance. It was held that this acceptance did not come within the rule that an instrument, in which no time of payment is expressed, is payable on demand. In each instance there was an attempt to fix a due date and in each instance there was an omission. The

purchaser of the acceptances was held not to be a holder in due course for the reason that neither acceptance was "complete and regular upon its face," as required by the Negotiable Instruments Law. The acceptances were, therefore, open to defenses in the hands of the purchaser.

OPINION

Action by the United Railway and Logging Supply Company against the Siberian Commercial Company. From judgment for plaintiff, defendant appeals. Reversed and remanded.

MAIN, J.—This action was brought to recover upon two written instruments called trade acceptances. The trial resulted in findings of fact, conclusions of law, and a judgment sustaining the right to recover. The defendant appeals. The trade acceptances were drawn on August 1, 1919, and delivered on or about the same date. In attempting to fix the due date in one it is recited: "On December 1, pay to the order of G. W. Laing." In the other recital is the same, except that November 1 is mentioned. In neither is year specified. The acceptances were drawn by one G. W. Laing and were accepted by the appellant. They were subsequently transferred by Laing to the Ballard Lumber Company and from that company to the respondent. The appellant sought to interpose a defense which he would not have a right to make against one holding them in due course as was the respondent, if they are in fact negotiable instruments.

The controlling question then is whether the failure to fill in the year in an attempt to specify the due date renders them non-negotiable. The respondent takes the position that the omission of the year may be viewed in one of two ways, either the time of payment is certain or that no time of payment is fixed in the instruments and they are therefore payable on demand. According to the Negotiable Instrument Law (section 3398 of Remington's 1915 Code) "an instrument is payable on demand . . . (2) in which no time for payment is expressed." By section 3443 "a holder in due course is

a holder who has taken the instrument under the following conditions: (1) That it is complete and regular upon its face . . ." Those sections being both embodied in the Negotiable Instrument Law it is necessary to give effect to each. According to the section last quoted, a holder in due course must be one who has taken an instrument which is complete and regular on its face. As above stated in one of the trade acceptances in attempting to fix the due date only December 1 is mentioned, and in the other November 1. In each case there was an attempt to fix a due date, and it was not completed by reason of the fact that the year was omitted. In *re Estate of Philpott*, 169 Iowa, 555, 151 N. W. 825, Ann. Cas. 1917B, 839, the court had before it a note which provided that it was payable "on or before 4 . . . after date." The question there arose, under a similar provision of the statute, whether the note was complete and regular upon its face, and it was held not to be so. There was an apparent attempt to fix a due date, but it was not complete, owing to the fact that it did not specify whether it was payable four days, four months or four years after date. In the course of the opinion it was said:

"This note was not 'complete and regular' upon its face. It indicated upon its face that some word had been omitted in an attempt to specify the time of payment. . . . If the real intent of the parties in interest was to make this instrument payable in four years, it may be that the payee could have lawfully corrected the oversight by inserting the word 'years'; and it may be also that this would have rendered the note negotiable to a holder in due course as defined in the section above quoted. The question in that form is not now before us, and we need not pass upon it. We think it quite clear that this irregularity upon the face of the note prevented its taker from becoming a holder in due course. It could be deemed a demand note, unless the agreement of the parties was in fact otherwise. If otherwise, such fact was suggested by the incompleteness of the terms actually used.

"The controlling fact at this point is, not that the blank was not filled, but that it was filled imperfectly or irregularly. Though we grant that the note was presumptively good as a demand note, yet it was not 'complete and regular' within the requirements of section 3060a52, and therefore was not negotiable."

It is true that the omission in that case was not the same as in the present case, but in each case there was an attempt apparent upon the face of the instrument to fix a due date, and in each case there was an omission. Were it not for the section of the statute requiring a holder in due course to be one who has taken an instrument complete and regular upon its face it may be that the instruments here in question would be deemed to be payable on demand, but where there is an attempt to fix a due date which is not complete it would seem only reasonable to hold that the instrument is one not complete and regular on its face and that the section of the statute requiring it to be such would prevail. In the case of *Collins v. Trotter*, 81 Mo. 275, the question was whether a note which was made payable on the "first day of March" omitting the year, was payable on demand and therefore negotiable, and it was there held to be such. But that case is rested upon the law merchant, and makes no mention of a requirement that a holder in due course must be one who has taken the instrument which is complete and regular upon its face. In view of the statutory requirement embodied in the Negotiable Instrument Law that case cannot be considered to be in point. In *Selover on Negotiable Instruments* (2d Ed.) p. 65, it is stated that an instrument payable on the "first day of March," without mentioning the year, is payable on demand, but in support of the text only the case of *Collins v. Trotter*, supra, is cited.

Since the trade acceptances were not complete and regular on their faces, the appellant had a right to defend against them as non-negotiable instruments.

The judgment will be reversed, and the cause remanded.

Banking & Publicity

Special Section of The Bankers Magazine

FEBRUARY 1922

Advertising To The Established Clientele

An important part in holding old business as well as creating new business

By Osborn F. Hevener

MAKE a canvass of the accredited representatives of any large banking institution. Put the question: "How important a limb in your bank's vital structure is advertising?" and you will be met on every hand with this typical reply: "Our advertising is important enough, but subordinately so, inasmuch as it deals only with the undeveloped side of our business." You will be told that advertising as a new business getter has great potentialities, as an indispensable adjunct of the new business department its merits will be extolled, but, if you mention advertising as having a significant bearing upon the established clientele, you will hear it spoken of as a "lost card."

"We would as soon discontinue our advertising as we would think of publicly refusing an audit by the bank examiners," an official of one big bank recently said. "Advertising was a wonderful discovery for us and I think a glance at the deposits on our last statement as compared with previous figures will verify what I say. But advertising, like many other things, is one-sided. It deals with the business that still exists in thin air and seems not to adapt itself in any practical or profitable way to the interests of our standing body of clients, who, after all, represent a bank's primary look-out."

In other words, the main contention holds that money spent for advertising benefits in no

manner those whose very business creates the funds with which advertising is purchased. There is a manifest feeling that the advertising appropriation is a supply of capital which merely holds in its power the ability to originate an occasional new customer; this, however, is its sole function according to the reasonings of a

surprising majority. They argue that the only existing basis for discussion is the lack of a determinant which would establish the exact, or even approximate, number of clients whose new business may be directly attributed to the influence of advertising. For them, intangibility is the main bugbear. That the money represents anything more than a one track investment—that it benefits the standing body of customers is never seriously considered. But it has been conclusively proven that advertis-

(Continued on page 355)

Are You Getting Somewhere or Nowhere?

Speaking of success in life, James H. Thompson, the great railroad builder, said:

"If you want to know whether you are destined to be a success or a failure in life, you can easily find out. The test is simple and it is reliable. Are you able to save money? If not, stop now. If you can, you are on the right track. If not, you will not, you will not, you will not be a success. The end of success is not you."

THEODORE ROOSEVELT said that thrift is common sense applied to spending, and he might readily have added that saving is common sense added to getting. Russell Sage accumulated a very large fortune and when asked for a rule that would assist others in becoming financially independent said: "The easiest way I know of to get money is to save it."

Saving money is just a matter of habit. It is not a great trial harder to acquire than other habits. The trouble is that so few people have tried it.

The benefits of systematic saving have been obvious to the great minds of the world that immovable savings and habits have clustered around the subject, so much so that many of them have digressed into idle platitudes and treasure bromides. But the failure of a large part of humanity to heed these truths has not impaired their working in the least, as many people have proved by saving their money and acquiring independence.

Speaking in a reminiscent mood one day, Mr. John D. Rockefeller told a group of friends what had first impelled him to enter the business career that afterward became so successful. He said that he had worked in a store all summer and at the end of the period was paid fifty dollars. A merchant suggested to him that he lend the money at interest, which he did. At the end of six months he received back the principal, together with several dollars in interest that he had earned. It looked at that interest with mixed feelings, said Mr. Rockefeller. "I knew how hard I had worked to earn the principal, but here was money that rightfully belonged to me but I had not had to work for it. From that moment I determined that in addition to working for money I would make money for me."


A few years later he was able to earn money and a lot easier to make it work for him than it was when Mr. Rockefeller was a boy. What is the use of working a year through the year if you have nothing to show for it when another year rolls around? Why not determine that with the opening of 1922 you will save something, and by placing it where it will earn interest make what money you wish for you?

A Forward Step

Up to this time the facilities of The National City Bank of New York have not been available to those whose savings must necessarily be small at first and must probably grow as the principal is added to and as interest accumulates.

That condition no longer obtains. Commencing Tuesday, December 27, 1921, The National City Bank of New York will open on the lower floor of its main and Secret Branch, located at 400 West Street and Madison Avenue, a department for the handling of small accounts of from \$1 up. Interest compounded annually will be paid at the rate of 3 1/2 per cent on all balances of \$4 or more.

This department will be called the Compound Interest Department. The laws governing the operation of banks in New York State restrict the use of the word "savings" for mutual savings banks. National banks are authorized to pay interest on deposits, but in accordance to the State Law, The National City Bank will not call this a savings department, or use the word "savings" in connection with its operation.



THE NATIONAL CITY BANK
OF NEW YORK

Announces the opening
on Tuesday, December 27th, at
400 West Street
of the
COMPOUND INTEREST
DEPARTMENT

ACCOUNTS will be opened on deposit
of \$1 and will bear interest
compounded annually, at the rate of
3 1/2 per cent.

Deposits made up to and including January
1st will draw interest from January 1st.

400 WEST STREET
LOWER FLOOR—400 WEST STREET BRANCH
NATIONAL CITY BUILDING
AT 400 WEST STREET

creation of banks in New York State restrict the use of the word "savings" for mutual savings banks. National banks are authorized to pay interest on deposits, but in accordance to the State Law, The National City Bank will not call this a savings department, or use the word "savings" in connection with its operation.

Through the facilities of the Compound Interest Department, anyone, no matter how limited his resources, may establish a business connection with a world-wide banking organization and may prepare the way for future financial triumphs with the larger financial institutions in America.

The growing power of compound interest is remarkable. For instance, if the Indians who sold the island of Manhattan to the Dutch in 1624 had invested that amount at 3 1/2 per cent, compounded annually, which is the rate established for the Compound Interest Department, it would now amount to \$60,000,000. If that amount were invested in conservative securities yielding the same amount of interest it would yield a income of \$2000 each or nearly 15 times of \$1300 each.

In Thirty Years

Two rapid growth when the principal is also added is especially striking. For instance, \$1000 a month placed in this department at 3 1/2 per cent interest will amount in ten years to \$42,500 and in twenty

years to \$42,500. In thirty years it would equal \$100,000 and would pay an annual interest return of \$1,000. These amounts may be multiplied or divided to show the approximate comparative benefits of more or less is readily saved.

If a parent will deposit \$10 or 25 per cent interest when a child is born and will add similar amounts each month until the child is twenty-one years old, compounding the interest semi-annually a credit of \$1,675 3/4 will have been created, a respectable sum for a business mortgage or for any desired purpose. These few examples can be multiplied indefinitely. You may remember the problems you were given to solve in your school days emphasizing the importance of compound interest.

Do not think that because you may only be able to save a small amount at a time that an account in the Compound Interest Department will not be to your advantage. You would be surprised to know how many well-to-do people maintain such accounts for their children, starting when the youngsters are small and adding a few dollars a week or month until maturity. The cumulative growth of such deposits is astonishing.

The money deposited in the Compound Interest Department will be under the direct management of the Board of Directors of The National City Bank. The same conservative management and the same fidelity to sound principles of banking that have made The National City Bank of New York such a successful, redoubtable institution for more than 100 years will protect every dollar placed in the Compound Interest Department.

It Offers You

If you receive wages or salary, plan now to become independent. If you plan to engage in a business venture of your own in a few years, start now to establish a connection with a great financial bank that can extend you every possible banking service. If you are employed, make provision in that way for a comfortable future for your growing children or any other dependents you may have.

Let us allow yourself or those dependent on you, to be the beneficiaries of circumstances that may possibly change for the worse some time. A bank account has the merit of being in the hands of a trustworthy party for you to provide yourself or your dependents with a sure source of unemployment, illness, hardship or other misfortune. Special provision has been made to make the opening of an account at this department a simple matter, quickly handled. Progress in the world comes from improvements that are the result of thrift and foresight, and no words can overstate the freedom of security that comes from having money in the bank.

The world is divided into two classes of people—the "haves" and the "have-nots." It is up to every individual to determine for himself in which class he cares to live. The National City Bank now offers you a convenient and easy way of joining the "haves."

The average savings account in the United States today has \$775 in it. In twenty one of them!

Accounts may be opened and deposits made by mail

Use of full newspaper page for thrift copy by New York's largest bank

Banking Publicity

Monthly Publicity Section

THE BANKERS MAGAZINE

253 Broadway, New York

FEBRUARY 1922

ONE of the contributors to this number of the Publicity Department refers to the tendency on the part of many bankers to overlook the "established clientele," as he puts it, in their eagerness to create new business.

It is perfectly true that only part of the function of advertising is the securing of new customers for the bank. Equally important is the task of holding the good will of present customers and building up a sentiment of loyalty to the bank which constitutes an intangible asset of no mean importance.

It is quite possible that an advertising campaign that did not lead to a single new depositor might still be highly profitable to the bank if it succeeded in "selling" the bank to its present clients.

This fact should not be overlooked by bank advertisers.



IN ADVERTISING circles these days the banker is coming in for many harsh words. It is being said that the banks are opposed to advertising, that they are recommending big cuts in appropriations, that they are not recognizing the value of good will as a business asset, that they are thinking only of present in-

ventories and not of future business, etc.

Just why the banker should be accused of all of these high crimes is not clear. Of course, it has been the business and duty of the banker to recommend to his clients many economies of operation. During a period of heavy liquidation this is inevitable. Naturally advertising has come in for its share of cuts. But this does not mean that bankers are against all advertising.

In fact quite the contrary would seem to be the truth judging from the amount of bank advertising that is appearing and from the number of new bank converts to modern publicity that are every day in evidence.

Of course there are some bankers who take a narrow-minded attitude toward advertising but these are quite in the minority.



ONE OF the best known figures in banking publicity, F. W. Ellsworth of New Orleans, makes in this number of the Publicity Department a suggestion for a co-operative advertising campaign on the part of all the banks to educate the public to a better understanding of the mysteries of banking. He believes that the banks could at least afford to spend as much on this important work as a certain western manufacturer of chewing gum is annually spending to teach the pub-

lic the fine art of chewing.

Why not? A very small appropriation on the part of a large number of banks would make possible a campaign from which all would derive untold benefit. Think of the thousands of people who either through misunderstanding or ignorance are unaware of what a modern bank can do for them.



A St. Louis bank has issued a booklet containing some personal experiences of its savings depositors in evolving a plan for consistently saving money. This is a splendid idea! How much more interesting to read of the actual experience of other people in solving one of our problems than to have our bank deliver itself of a dry-as-dust sermon on the virtue of thrift. You get to thinking that if the Jones can save money, why not you.



Cleveland Bank Association Adopts Emblem

THE Cleveland Clearing-house Association, composed of sixteen Cleveland banks, is advertising in newspapers its adoption of an emblem to be called "The Sign of Safety." The purpose of the emblem is to identify member banks and to display a symbol which depositors will become accustomed to interpret in terms of safety and security. All banks which use the emblem are inspected by the Clearing-house Association. The copy emphasizes the fact that not a dollar has been lost by any depositor since the clearing-house examinations were begun.

Advertising To The Established Clientele

(Continued from page 253)

ing greatly strengthens the activities of the established clientele and has an important connection with the vast family of depositors.

A search into the matter has revealed an amazing unconcernedness regarding the subject. There are those who admit there "might be something" in the advancement that advertising is essentially more than a new business getter. But most confess that they have never given serious thought to what might be called the obverse side of advertising.

For those who later indulge awaits a revelation. There will be disclosed the appeal of advertising with respect to the strengthening of *good will* and the value of publicity as an informer and adviser.

Since enough has been said of advertising as a new business gainer, what then, of its virtues in the creation of good will? Sentiment is more and more playing an important role in our twentieth-century business drama. Our biggest men, those with whom banking institutions are constantly in touch, place no small appraisal upon the human element in business. There is no denying the great strides that have been made since thoughtful note has been taken of this apparently new phase of business life. By subtly approximating the vulnerable spot, that is, by giving due consideration to its customers sentimental demands, an institution may accomplish wonders in the way of continually bringing to itself the air of unmistakable progress. Through consistently keeping before the public eye (and, of course, in so doing, keeping itself before the eye of its clientele), a bank cannot help but please those who like to have their own institution talked of and read about.

It is a trait common to most of us that a certain delight ac-

Who's Who in Bank Advertising



R. E. HOTZE, JR.

Advertising Manager Planters National Bank, Richmond, Va.

ALTHOUGH he has only been in the banking business since 1910 Mr. Hotze has always been in close touch with the publicity of various enterprises and for a number of years was a leading contributor to the sporting pages of the Richmond papers. He has been connected with the Planters National Bank of Richmond for over a year and has seen service with the Seaboard National Bank of Norfolk and the First National Bank of Richmond.

Owing to his dual capacity as new business manager of his bank he is probably one of the best known of the younger bankers in the Virginias and the Carolinas.



Study, Boy!—and SAVE!

THESE are days when trained men who are prepared to grasp their opportunities win the greatest laurels. In the advertising pages of the leading publications you will find the messages of institutions which enable any man to acquire the knowledge of business or trade that he needs in order to go forward.

If you are a young man with all of life ahead of you, heed these messages. Study! Learn! KNOW!

And save—save for that day when the big chance comes to you. Be ready to go out and meet it. Be able to say, "Here!" when Opportunity says, "Where is the man I am looking for?"

Ready money helps. A little here and there mounts up steadily. Start to-day to study and SAVE.

A moderate amount starts a savings account here.

Industrial Trust Co.

Member of Federal Reserve System

Links in the Chain

Providence
Pawtucket
Newport
Woonsocket
Bristol
Westerly
Pascoag
Warren
Wickford
E. Providence

Thrift appeal to the young man by tie-up of "study" and "save" ideas

crues to the meeting of familiar faces or names in the pages of our favorite newspaper or magazine. In having associated with the business of any large organization a man may be said to as keenly enjoy seeing its publicity in his newspaper or in his magazine as he is to see his own name or his own works in print. Too, we must remember that there are many clients sensitive to the advertising of competitor banks, who take honest heed of their own bank's representation in the financial columns. Indeed, this type of client manifests a definite sense of loss if he is unable to find the publicity of the institution with which he does business. It is parallel to the case of the man, who, in attending an auto show, invariably heads immediately for the

booth displaying the make of car of which he is an owner. In the wide list of automobiles displayed, he would miss the feeling of pride should his particular model not be represented. Thus it goes with bank advertising and, in fact, any kind of advertising, for it produces good spirit among the faithful clients, aside from its generally ascribed function of alone inspiring new business in the prospective field. And good spirit is nothing more than good will.

It would be amazing for those bank officials who fail to recognize the good will features of advertising, to discover just how many men are favorably influenced, admittedly or not, by the constant sight of their bank's publicity and literature. By a distinctive appeal, aimed

to somewhat satisfy the sentimental demands of the client, the whole "body politic" is put into a pleasant frame of mind that is nothing short of compelling.

Those bank officials who continually lament the public's dearth of knowledge pertaining to banking affairs have largely themselves to blame. The old-time functions of paying and receiving and making loans have given over, to an appreciable extent, to the vastly increasing services of the modern bank and trust company. Practically every year sees some new facility added. Latest of these is probably the addition of the travel service departments with provision for giving valuable aid to the tourist. Here lies within the power of each banking institution an opportunity to stimulate interest and gain the attention of the established clientele by informing, through intelligent advertising, of new services, or by giving from time to time a brief description of the many functions not commonly understood.

There are also other methods of enlightening customers. For instance, the service booklet, which outlines the workings of each department. This piece of literature may be sent to the customers' list or placed in the passbook over the tellers' windows, adding considerably to the bank's prestige and the clientele's idea of its forefront.

In having briefly outlined this much neglected phase of advertising, that is, publicity directed at the established clientele, I have barely touched upon a side of advertising not ordinarily mentioned or properly evaluated. It suffers not, however, from its obscurity, and would, if rightly assessed, quickly give itself over to more complete investigation. At any rate, it will bear some thought and promises to take its place in the not far distant future as an impressive item in the psychology of advertising.

Educating The Public

IN A LETTER to the editor of THE BANKERS MAGAZINE, F. W. Ellsworth outlines a plan for a nation-wide campaign to explain to the people the intricacies of banking. The letter follows:

The editorial "Informative Bank Advertising" in the December number of The Bankers Magazine directs attention in a forceful manner to a very definite and perplexing problem and its solution.

Not only is it "probably true," but a real vital fact that "our people really know very little of the actual services which banks perform in carrying on the industrial and commercial operations of the country," and this fact is more of a reflection on the banks than it is on the people.

And the solution that you suggest, "there is no better form of bank advertising than that which tells the people in a plain and simple way just what the banks are doing," unfortunately is just the kind of advertising that most banks do not employ, and which is paying dividends of a substantial character to the individual banks that have the vision and courage to use this more or less altruistic copy.

It seems to me that the bankers of America for their own good, as well as for the good of the community, could do nothing better than to engage in a permanent nation-wide campaign of "Informative Bank Advertising" for the concrete, three-fold purpose of (a) helping the public by showing them how they can be served by the banks, (b) building good will for the banks by destroying the prejudice which is based largely on lack of information, and (c) increasing the business of the bank. This campaign could very well be undertaken by the American Bankers' Association through some such body as its Public Relations Commission. And if each bank would but increase its own advertising appropriation by an average of \$50 and turn over this amount to a central committee, an annual fund of \$1,000,000 would thus be available which, over a period of years, would bring to each bank a dividend of increased good will such as you refer to, enlarged service to the community, and larger totals on the credit side of the profit and loss account.

If this were done, the committee in charge of such a campaign could supply supplementary informative advertising to each participating bank, and by this means the value of the work would be increased tremendously. Some one will say that it is impossible to raise such a fund. Pish-tush! There is an enterprising man in the Middle West who is credited with spending more than that amount annually to advertise his firm. Is it possible that the 30,000 bankers of the country are unable or unwilling to spend as much to advertise their banks as

Who's Who in Bank Advertising



OSBORN F. HEVENER

Assistant to the Advertising Manager The Equitable Trust Company of New York

MR. HEVENER was born and educated in Newark, N. J. He spent some time in the newspaper field, giving a ground work for his present position and has also had a fairly broad general banking experience, having served in various departments of the bank.

Coming to the Equitable in 1917, Mr. Hevener entered the advertising and publicity department upon its organization in January, 1921. He belongs to the younger fraternity of bank advertisers, being only twenty-two years old, and believe there is a bright outlook for the future of financial advertising. He has contributed several papers to banking magazines.



**She Receives An Income Check
The First of Every Month**

This company is faithfully carrying out many trusts established by thoughtful men and women under which we periodically mail income checks to the beneficiaries. Small trusts receive the same careful attention as those of greater size.

If you would establish similar trusts, to be operative during or after your lifetime, it will relieve your beneficiaries of the burden and responsibility of handling finances and property—assure safe investments and correct accounting.

If your Will is an old one, providing only for distribution of your property at death, perhaps it would be wise to change it now and arrange for a competent and responsible trustee to conserve your estate until such time as your beneficiaries would profit most by final distribution, the income being paid to them meanwhile.

We are always glad to talk over these matters with you.



SECURITY TRUST COMPANY
GRISWOLD AND FORT STREETS
DETROIT

NO. 5 OF A SERIES

Another phase of the "safeguarding the future" series of the Security Trust Company

one man is willing to spend in advertising chewing gum?

Some day, and I hope that day is not far distant, the bankers of this country are going to get together, and, in an intelligent, constructive manner tell the story of their business and the vital part that it plays in the national program, and they are going to keep on telling this story indefinitely.

When this is done, and done right, the relationship between the banker and his customer—between the bank and the business house—between the bankers generally and the people generally—will rest on the solid foundation of clear understanding to the mutual advantage of the banker and the community he serves.

Them's my sentiments!

Shall Bankers Give Investment Advice?

A RECENT questionnaire sent out to a large number of banks contained this question:

"Do you regard it as one of the functions of a bank to warn the public against unsafe investments and is there need of such advice in your territory?"

A perusal of extracts from some of the answers to this question will prove interesting

and profitable, I have no doubt. Here they are:

"Yes, if conditions warrant."

"When asked for advice, we warn against unsafe investments."

"There is need for such advice everywhere, but the bank that attempts to say which are safe and which unsafe is assuming a dangerous responsibility."

"Banks having bond departments are entitled to warn the public in their advertising."

"Doubt if it can be done through advertising."

"There is much need of it but we do not advertise advice on investments, we keep away from that always."

"Our Bond Department does this when asked—always need of advice against schemes."

"A very important function."

"I do not believe that it is a function of the bank to warn the public against unsafe investments. There is need of such advice in any territory but the public is quite an undiscovered quantity at times, and whether advice from a financial institution to the public would be properly considered and digested, is a question in my mind. The public might be inclined to think that the advice was given from a selfish motive, and it is quite likely this view would be taken, in my opinion."

"Sell your own proposition and there will be no need of knocking the other fellow's."

"Yes, whenever called on."

"Every banker does this at his desk wherever he has opportunity. Unsafe investments can be curtailed by education of investors to confide in their bankers."

"Yes, always need, but don't give it unless your advice is asked."

"No such need in this territory now, as they have all had a very expensive lesson along that line." (Oklahoma).

"Most certainly regard it as important and there is abundant need for such warning at all times."

"Only when asked. Don't meddle."

"Give them your opinion when requested to do so. We do not look with favor upon acting as guardian for the public." (Iowa).

"It won't do much good but should be done when possible."

"We do so when asked and give our opinion of the sound-

ness of an investment sought."

"We are very firm in our conviction that it is the function of banks to warn the public against unsafe investments. It is surprising the amount of money that goes into wildcat investments."

"Will do no good." (Joplin, Mo.)

"Give them as much advice as possible." (Joplin, Mo.)

"Very little attention given bank's advice on this matter." (Iowa).

"Banks should warn the public against investments promoted by unscrupulous persons."

"We find such advice is rarely heeded. (Wyo.)

"Yes, there is always need. There is a fake investment waiting for every easy mark."

"During boom times lots of money taken by fake investments."

"The public does not understand difference between investment and speculation."

"Referring to the matter of advertising, it is the writer's opinion that that department in a bank most in need of publicity and constant building up is the savings department and

if banks will continue to keep that before the young generation at all times and at the same time endeavor to warn the old generation of the fallacy of investing money in get-rich-quick propositions, a great benefit is bound to obtain. We seem to have had considerable success in the former and I regret to state very little in the latter."

A Sacramento, Cal., bank says: "Every community needs advice on investments, but we find that sometimes disinterested advice is misinterpreted and impels people to do the very thing they are advised against as promoters use the bank's arguments to claim the banks are trying to get control of the properties or companies."

"Generally falls on deaf ears." (Wash.)

"It has to be done very carefully, if at all, because of suspicion of self interest."

"If asked, otherwise it generally does no good and the bank's motives are often questioned."

A Massachusetts bank says: "Very much need but care must be used in publishing such advice."

"No this line of service is not appreciated here." (Okla.)

A southern bank says, "No—we have a blue-sky law here."

"Yes, there is need of such advice in every territory at all times."

"Yes, there is a sucker born every minute but they seldom heed your warning. (Calif.)

"Yes, if carefully handled."

"Yes, but papers won't cooperate." (Buffalo).

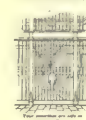
"Not only a function but a duty."

"Banks should be at all times informed as to securities and classes of securities and this information should be available to customers and the investing public."

"Yes, there is a great need for banks to warn the public against unsafe investments existing here. There is more than the usual amount of speculative

Who checks up your Memory?

"Who checks up your memory?" This reminds you of numerous occasions, spending thousands of dollars when they do not in your safe deposit box or even possibly at home where they are constantly protected from fire or theft. Who checks up the loss of interest by wasting the life-time and savings of your money the way they have you? Who are under your confidential control when you are far from home and selling property or making securities which you hold?



Our new department—Safe, Savings Service—has been established for bond and stock holders. It is a service to you and money for them every day. No matter in what country you live, your money will remain close and secure. We hold your bonds for you in absolute safety—we will sell them for you if they are due and then the money is returned to your account. We make any number of bonds or stocks which you direct. We advise you how you should spend your money which might affect the value of the securities you hold. At your request we will make investments as to the future, investment of money derived from insured bonds.

If you have bonds and stocks you are also likely to have many securities which demand your time and thought. Let us show you how to manage your investments in our Safe Savings Service.

A small form can be filled in and sent to the Union Trust Company, Kansas City, Mo., for more information.

First class company in Kansas

Union Trust Company

and stock promotion schemes incubating right along. The state has a good Blue-Sky law and a good department enforcing it, but of course there are always ways of getting around that, so that there is a need for sound advice to the public in the matter of investments."

Good presentation of unique personal service possibilities of new department of trust company

and stock promotion schemes incubating right along. The state has a good Blue-Sky law and a good department enforcing it, but of course there are always ways of getting around that, so that there is a need for sound advice to the public in the matter of investments."

"I believe that banks in their advertising should appeal not only to a specific class of customers, such as farmers, manufacturers, women, etc., but should go still further and appeal to a distinct trade of manufacturers. I believe that if your bank in a manufacturing town would get out a line of advertising for the machine shop, he could reach that class of business above any other financial institution. The same is true of the foundryman, the cigar manufacturer, the overall manufacturer, and in fact every line where the number is great enough to warrant such handling."



THE WORLD OWES me a living, providing I earn it.

THE WYOMING NATIONAL BANK



Ninety-two Years Ago—

"The Wyoming Bank, at Wilkes-Barre, was organized as a vital part of the community life."

During this period of years the Wyoming Valley has become one of the most prosperous and progressive sections in the United States.

The Wyoming National Bank has kept pace with this progress, and by close contact with the people and industries has played an active part in the wonderful growth of the section.

A service record that merits your consideration

—Founded 1880—
West Market at Franklin Street



Dignified and well-arranged prestige copy



It Looked Like an Exceptional Opportunity

but she would have lost every cent of her husband's insurance money.

Mrs. Brenton, a young widow, had just received an insurance check and was immediately given a chance to "double it." Fortunately, she hesitated.

And just the other day she came to us for advice about the corporation which offered such an "unusual" opportunity. Upon careful investigation the stock proved to be of no value. A sound investment was suggested.

If you desire more information about securities which you intend to purchase, members of our Investment Department will gladly advise you.



The Fidelity Trust Company of Buffalo

Main at Swan Street

Main at Utica Street

Delaware at Chippewa Street

Showing advantages of "reliable" as contrasted with "plausible" investments

How Banks Are Advertising

THE MISSISSIPPI Valley Trust Company of St. Louis has been distributing as an advertising souvenir a house thermometer on which the name of the bank was prominently displayed and the words, "a good place for your savings." Each thermometer was tested and passed as to accuracy and came to the depositor securely packed in a specially made wooden box.

THE AMERICAN Bank of Commerce and Trust Company of Little Rock, Ark., succeeded in transferring a number of its Christmas savings accounts to regular savings accounts by sending out a folder a short

while before Christmas reading in part: "Place part of your check in a regular interest-bearing savings account and add to it regularly. Then it will be ready when you need it for the first payment on a home to meet your insurance or taxes, pay a doctor's bill, take a summer trip or buy some long coveted luxury." A convenient card was enclosed so that the depositor could easily inform the bank how much he wished to transfer.

SOME interesting thoughts on "Wills and Will-Makers" are contained in a booklet recently issued by the trust department

of the National Bank of Commerce in St. Louis and written by Virgil M. Harris, trust officer. In this booklet Mr. Harris has assembled a wealth of interesting stories about wills and their makers, of which the following is a typical example:

In 1910, James J. H. Gregory died at Marblehead, Mass., the following provision was incorporated in his will, and the legacy is being used for the purpose mentioned:

"Having had my sympathies often aroused by reason of the extra burden and care entailed on loving mothers, poor in the things of earth, who have brought twins into the world, as an expression of that sympathy, I leave in trust to my beloved town one thousand dollars, with the provision that the interest be divided on January first between all twins born in Marblehead during the previous year. In case no twins are born during a given year, the interest shall be added to the principal."

THE Mercantile Trust Company of St. Louis has issued a booklet entitled "Plans" which contains the personal experiences of some of the bank's depositors in saving money. For example, J. B. writes:

HOW ABOUT YOU AT SIXTY-FIVE?

"One day I got hold of a little card somewhere, I don't remember where now, but I believe it was advertising life insurance. On it were some statistics, and they set me to thinking. One fact stated on that card has stuck to me ever since, and when it's hard to save, I have only to think of it. Anybody that thinks of it very long can't help but save.

"There were a bunch of figures, and at the bottom was this statement: 'Eighty-four out of every hundred men reaching the age of sixty-five are dependent on others for support.'

* * *

"I determined to be one of the sixteen. I have saved ever since as much as I can, as often as I can. "J. B."

THE Guaranty Trust Company of New York devoted a recent newspaper advertisement to the subject of "providing for your daughter's future." The text was as follows:

"At this season, your plans for your children's future have a new significance. It is especially fitting that you should plan for the happiness of your daughter, whose welfare is so largely in your hands. What steps can you take to safeguard her future, assure her education, and provide for her protection? These are some suggestions:

A school and college fund:

To assure that your daughter will be enabled to complete her education, regardless of what may happen to you, you can establish a trust fund to be devoted to that object.

An income and allowance fund:

Through a trust fund, you can assure your daughter of an income for a period of years, or for her life, that will always be a protection against financial want.

Insurance in trust:

Many men plan that life insurance shall replace their earning power after they are gone. By making your insurance payable to this company as your trustee, and by making a trust arrangement, you can direct that all or a portion of the insurance be invested and managed for the benefit of your daughter. This can be done with policies now in force or taken out later.

By means of trust funds you can carry out many plans for family protection and provision. We shall be pleased to send you booklets on the subject of trusts and to explain how we can serve you.

THE UNITED STATES Mortgage and Trust Company of New York has issued a booklet entitled "Where Uptown and Downtown Meet," explaining how the facilities of its branch offices are at the disposal of depositors in both the business and residential districts.

THE LIBERTY Trust and Savings Bank of Chicago sent out



It Looked Like the Chance of a Lifetime

It was a certificate of stock ownership—handsomely engraved with a border of gold.

And the widow of the railroad trainman who had bought it with her husband's insurance money felt she had seized the chance of a lifetime.

But now she is working in an office building and her children are going without education—for they have to earn their own living.

To the widows and all other savers of Cleveland, The Union Trust can be a big help by assisting you to invest wisely.

Come to our Bond Department and talk it over freely. We will give you the benefit of our knowledge and a specialized training in investment matters found only in a great bank.

If you wish to invest we can offer you the identical securities in which we invest our own funds.

Have you any investment question on which you would like professional yet unprejudiced counsel?

The Union Trust Company Cleveland

THE UNION TRUST CO.
Euclid Ave. and E. 9th St.

FIRST OFFICE
247 Euclid Avenue
WEST 25TH-DENISON
OFFICE

UNION COMMERCIAL OFFICE
308 Euclid Avenue

FIRST TRUST OFFICE
301 Euclid Avenue
BUCKEYE ROAD OFFICE
(At East 9th Street)

BROADWAY BANK OFFICE
Broadway and E. 55th St.

WOODLAND BANK OFFICE
Woodland Ave. and E. 55th
St.
EUCLID-101ST OFFICE

Another warning against investment "gullibility"

cards to depositors informing them that a 1922 Liberty Daily Wall Calendar was being held for them at the bank. This method of distribution is sensible since it not only saves mailing expenses but makes it certain that the calendar will only be received by those who really want it.

THEIS ROBERTS has been appointed advertising manager of the Union Trust Company, Pittsburgh, Pa. Until recently Mr. Roberts has been production manager of the A. P. Hill Company of Pittsburgh, Pa.

THE EAST New York Savings Bank issues a monthly paper

called *The School Savings Bank Monitor* which is distributed to the pupils in schools in which the bank has established school savings banks.

THE NORTH-WESTERN Trust and Savings Bank of Chicago has issued a booklet entitled: "Better Banking Service" which devotes thirty-eight pages to an illustrated account of the growth and service facilities of the bank.



LET TRUTH be your motto and your financial advertising will attain success. — Warren E. Crane.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets and other advertising matter issued by them. Subscribers can get on this list free of charge.

Watch for New Names and Other Changes.

A

Adams, F. C. mgr. pub. dept., Nat'l Bk of Kentucky, Louisville, Ky.
Adams, F. R., Will Co. Nat'l Bank, Joliet, Ill.
Alfriend, R. J., Jr., asst. cash., Virginia Nat'l Bank, Norfolk, Va.
Anderson, R., cash., American Bk. & Tr. Co., Greenville, S. C.
Anderson, R. P., care of K. L. Hamman Adv. Agcy., 316-13th St., Oakland, Cal.
Ansley, D., Central Tr. Co., San Antonio, Tex.

B

Bader, A. F., asst. cash., Old State Nat'l Bank, Evansville, Ind.
Banco di Roma, head office, Rome, Italy.
Banco Mercantil Americano del Peru, Lima, Peru, S. A.
Bankers Magazine, The, New York.
Bassett, L. E., Cotton Belt Svgs. & Tr. Co., Pine Bluff, Ark.
Baty, E. N., mgr. new bus. dept. Englewood State Bk., 63d St. & Yale Ave., Chicago, Ill.
Bauder, R. E., 738 S. Michigan Ave., Chicago, Ill.
Baugher, E. M., pres., Home Bldg. Ass'n Co., Newark, Ohio.
Bell, H. W., dir. serv., Svgs. Bank of Utica, N. Y.
Bennett, H. D., asst. cash., Capital Nat'l Bank, Lansing, Mich.
Berger, H. C., cash., Marathon Co. Bk., Wausau, Wis.
Biggar, F. C., head office, Canadian Bank of Commerce, Toronto, Canada.
Blze, L. A., pres., Citizens Bank & Tr. Co., Tampa, Fla.
Bland, M. A., V. P., 1st Nat'l Bk., Clarksville, Tenn.
Bloethen, J. O., cash., Security Tr. & Svgs. Bank, Yuma, Ariz.
Block, R., pub. mgr., Citizens Tr. Co., Buffalo, N. Y.
Bolla, Rodolfo, American representative, Banco di Roma, 1 Wall St., N. Y.
Boyd, W. A., V. P., 1st Nat'l Bank, Ithaca, N. Y.
Branham, D. R., dir. pub. Hellman Com'l Tr. & Svgs. Bank, Los Angeles, Cal.
Brown, G. W. C., asst. secy., Tidewater Bank & Tr. Co., Norfolk, Va.
Brown, R. A., asst. cash., Citizens Nat'l Bank, Raleigh, N. C.
Brown, W. E., adv. mgr., Hibernia Bank & Tr. Co., New Orleans, La.
Brunkow, A. F., pub. mgr., Old Nat'l Bank, Spokane, Wash.
Buennagel, L. A., mgr. serv. dept., Fletcher Svgs. & Tr. Co., Indianapolis, Ind.
Burton, E. C., V. P., Pennsylvania Nat'l Bank, Chester, Pa.
Butzloff, H. M., asst. cash., Iowa State Bank, Atlantic, Iowa.
Buzbee, M. A., adv., mgr. American Bank of Commerce & Tr. Co., Little Rock, Ark.

C

Caplan, H. B., adv. dept., Canal-Com'l Tr. & Svgs. Bank, New Orleans, La.
Capps, W. V., adv. mgr., Seaboard Nat'l Bank, Norfolk, Va.
Carlisle, H. W., pub. mgr., Guaranty Trust Co., N. Y.
Clabaugh, S. F., cash., City Nat'l Bank, Tuscaloosa, Ala.
Clarahan, L. A., mgr. new bus. dept., Oak Park Tr. & Svgs. Bk., Oak Park, Ill.
Coon, H. J., 68 Farnham Ave., Toronto, Canada.
Corrigan, J. V., pub. mgr., Liberty Central Tr. Co., St. Louis, Mo.
Crary, R. F., asst. cash., Internat'l Bkg. Corp., N. Y.
Culbreth, E. E., Com'l Nat'l Bank, Raleigh, N. C.

D

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Observations of an Outsider

A Non-Banker Gives His View-Point on Banking Service

I SAW a man drawing pay-roll money in one of the large banks the other day. The paying teller at that window had a grouch and showed it by the way he shoved the money out. When he came to the item of loose change, instead of dropping it into an envelope he dropped a scattered handful of it on the glass shelf and then, before the customer had time to pick it up the teller pulled down his curtain and hurried out—just because the clock said it was his lunch time.

◎

I wonder how many of the so-called country banks that have a safe-deposit department really make it a factor in their business. I know some where the charge for a box is so absurdly low as to kill the confidence of the customer who stops to think about it at all, for he knows that the bank cannot furnish real, efficient service at that price. It is far better for a bank to make a fair charge that will at least support a department adequately equipped and adequately manned.

◎

I ran across a case recently where a man complained of the service that he was getting from a certain bank. Man-fashion, he went to one of the officers of the bank and put in his complaint. The reply he got was that his account was so small that the bank could not afford to render him service. The funny part of it was that the bank was already charging this man a service fee which the man paid willingly, as he knew that his account was very small. The little

question for today is: "Wasn't he entitled to the service he was paying for, in spite of the size of his account?"

◎

I asked to see one of the under-strappers in a bank and word came back to me that he was "in conference." Not a word of inquiry as to what my needs might be! Not even an invitation to come again at some definite time! The same day I asked to see the president of another large bank. He was busy, but I was invited to wait; was told how long I would have to wait, and at the end of my wait I was received most courteously. It was the difference between a big man and one who would always remain a little man.

◎

I am more convinced than ever that the old type of banker, who considered himself as one appointed by a special dispensation to lord it over the affairs of the community, has passed on never to return. The banker of today looks on his bank as a business proposition that must be "sold" to the public just as other businesses are "sold", through service, courtesy, advertising, etc.

◎

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Some Present Aspects and Problems of Foreign Finance*

By H. C. Sonne

WE have entered the fourth year of peace, and yet anybody attempting to review the financial developments during the past year must still figure with the consequences of the Great War as the most important factor bearing upon the future. Such will probably be the case for many years to come.

It has been generally recognized that American finance showed great foresight when, at a most critical moment in 1920, we initiated a drastic deflation of our currency and created an example subsequently followed by England and others.

It is so easy to inflate, but very difficult to do the reverse; and the Federal Reserve Board is to be congratulated on having resisted the temptation of carrying out and listening to schemes and criticism from irresponsible quarters.

During 1921 the liquidation progressed slowly but, although by no means yet completed, on the whole satisfactorily. There is abundant money available in the East for new business, but, at the same time, a great demand for funds to carry on the liquidation of old unfortunate transactions. With the lessons of the past and with the uncertainty as regards business and taxation, financiers prefer to keep their funds liquid. Hence the fall in money rates and the scramble for bankers' acceptances and the consequent rise in the bond market, which movement would appear likely to continue as long as business prospects remain uncertain.

Although the foreign trade figures for 1921, as compared with those for 1920, are greatly reduced, our exports still exceed our imports by about two billion dollars. If we add to this the huge outstanding indebtedness on the part of foreign countries and the effect of the deflation of our currency, it is remarkable that the foreign exchanges have

stayed at the level at which they are quoted and no wonder that, as a consequence, gold has poured in, raising the reserve ratio of the Federal Reserve System from forty per cent., the lowest point in 1920, to over seventy per cent.

The year, as such, has certainly been



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full of difficulties—the many failures, reorganizations and readjustments, the strikes, the shipping and railroad conditions—and, yet, our domestic troubles, as compared with those abroad, have been small. Our position is fundamentally sound and we can survive through long periods without improvement; but the situation in parts of Europe may be likened to that of an old patient, weakened by prolonged suffering, whose only

* Address delivered before the Bankers Forum of New York.

chance of recovery rests on a marked turn for the better taking place.

Certain improvements have taken place abroad during the past year. The most hopeful element, as I see it, is an indirect one, namely, the awakening and realization of the true position. The European countries have been brought to realize that their troubles and desperate sliding down the road of inflation are so fundamental that certain sections cannot recover without outside help. Furthermore that, if they want assistance, they must show a willingness to co-operate with one another and not pursue a policy of mutual jealousy and hatred; they must make a serious attempt to balance their budgets and thus stop further inflation. This sounds very easy in theory, but is extremely difficult to accomplish in practice and in some countries almost impossible. It has been recognized that there is a limit, beyond which taxation can not be imposed without producing an opposite effect to that intended. The budgets are, therefore, much more likely to be improved by curtailment of expenditure than by increasing of revenue.

To this end the Washington conference—although it did not achieve as much as was at one time hoped—worked and paved the way for further discussions on reducing expenditures in connection with armies and navies.

The Irish settlement should be an example of the general feeling that difference of opinion and race aspirations can and should be settled by parley, rather than by sword.

Bolshevistic influence and labor troubles seem to have receded, and people seem to have learned the lesson that only by hard and conscientious work can living conditions be made tolerable.

Thus, although but little has been accomplished as far as actual constructive work is concerned, the progress made goes to show that public opinion in general grasps the fundamental difficulties of the position; and when treating a patient, it is first of all necessary that the doctors agree on the diagnosis.

However, there is still a great deal to be done, and there are grave and

momentous questions to which we would like to have a solution. For instance:

- (1) Can Europe ever return to anything like its pre-war position?
- (2) If so, is she going to continue to be a serious competitor?
- (3) What is going to happen to the European currencies and the foreign exchanges?

Let us consider first the foreign exchanges. At one time it was feared that Central Europe, so to speak, would drag all other European exchanges down with hers; but during the past year a line seems to have been drawn between those currencies that would appear likely, in course of time, to recover their gold value and those that at present would seem unlikely to do so. The neutral countries, such as Switzerland, Holland, Scandinavia, and also England seem to have been successful in limiting their intercourse with and holdings of unsound currencies, such as those of Germany, Austria, Poland, Rumania, etc. Between those two groups are some doubtful currencies, such as the French, Belgian, Italian, Czecho-Slovakian, some of which would appear likely to recover ultimately. These countries have succeeded in deflating, or, at any rate, in stopping further inflation; and, once that is achieved, there is hope of steady but slow improvement.

In this connection it is well to bear in mind that, large as the circulation of notes may seem, it is relatively small as compared with the national wealth of the countries involved.

Moreover, schemes for issuing international bonds against fixed property—such as the Ter Meulen proposal—may eventually lead to equalize such exchanges as are reasonably sound.

What, however, is the position of the Central European currencies?

The inflation has progressed so far that it can not be stopped except at the danger of a total collapse of the community.

For instance, take the position of Austria. I visited Vienna a few months ago and while there spent I do not know how many million kronen in a short time. For one dollar you now get 6,-

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000 kronen as against the normal exchange of about five.

Business in that country is just the reverse of what we are taught to be sound. The shopkeeper is not anxious to sell, because he can not replace the goods at the price he charges. The conservative business man never keeps any balance in his bank; he owes as much as possible, because the currency continues to depreciate. The man who some years ago bought his wife a pearl necklace with his savings, is still well off; but the man who kept his million in the bank is poor.

When the exchange falls with unusual rapidity, the panic in the stock exchange is evidenced by higher quotations—a strong market. People have lost confidence in the currency; there is a scramble for that which has international value—goods or shares representing merchandise or the power to produce it.

A widow, who owned ten million kronen before the war and could live as a person here can who has six or

eight million dollars, is now comparatively poor. Through taxation, forced purchase of government bonds and reduction in the purchasing power of the kronen, the value of her income has been reduced to such an extent that she can only spend the equivalent of five thousand kronen on a pre-war basis, i. e., she can just maintain herself and perhaps keep one servant.

I am told that a family can not possibly exist there on less than one-half million kronen a year.

How is it all going to end?

Those who work and have property of international value may be able to subsist; but those who are lenders of capital as expressed in local currency or who have a claim on the state or municipalities on account of their local knowledge—clerks, professors, government officials (whether active or pensioned)—and are reimbursed in local currency have no means of existing, unless artificial means are used, a large part of the population must perish or emigrate.

The exchange position is merely an outward sign of the condition of the countries involved—that of overpopulation. Many schemes have been proposed to adjust the exchanges, but I fear that is the wrong way to go about the matter and would do as little good as if one were artificially to adjust the thermometer when taking the temperature of a fever patient. On the contrary, the exchanges are the counter-germs which the financial bodies of the countries produce for the purpose of recovery. To attempt to hold up the exchanges artificially, would in the long run be worse for the countries. We must leave such schemes until later, when the fundamental difficulties have been removed. Then the readjustment of exchanges should be comparatively easy.

Meanwhile, trade under such circumstances is by no means impossible. We have seen how for many years business has been carried on in the eastern and South American countries with unstable currencies. The important thing is that there should always be a reasonably close market at which such local currency can be exchanged into some international currency which rests on a gold basis.

Before the war the British pound sterling was the international currency, on the basis of which all deals were made. Now the American dollar would appear most suitable, so long as we resist the temptation of playing politics with it and are sufficiently liberal with dollar credits to ensure that any holder of easily marketable free capital—through his responsible banking connections—can obtain American dollar credits, and thus gold, if he so wishes.

If such international currency is used, trade can continue, and the local paper exchange becomes a local affair with which it would be unwise to interfere from outside.

It is unlikely that these Central European currencies will ever recover their gold value, and, to make home trade easier, a new currency will probably sooner or later be brought into existence. The old paper currency would be exchangeable into such new cur-

rency at a ratio which would make it likely that the new currency at some future date could be brought on a gold basis and could thus temporarily form a medium between the present paper currency and the international currency.

So much for the exchanges, which best demonstrate to the outsider the conditions as they are in Europe—that is, a continent vastly overpopulated.

Before the war the population and purchasing power of Europe were very large as compared with its natural resources. That was largely due to the fact that Europe had a considerable part of its accumulated capital invested in foreign, new countries, which all had to pay yearly tributes to their European principals—either in the shape of dividends and profits or interest for services rendered. Instead of receiving such income, Europe may now have to pay out money, and as a result, the population is far too large.

Whether or not we wipe out Europe's war indebtedness to us, the people will of necessity have to perish, emigrate or lower their standard of life to such an extent that they can recover and effectively compete with us in the export field.

As the soundest part of Europe stands in relation to us, so does Germany stand in relation to her conquerors. The so much feared German competition is a natural consequence of the indemnity imposed upon her. This indemnity is a modern form of slavery. If we have our estate well stocked with slaves, we can not expect at the same time to find much work there for ourselves. We can not have both. It is contended by many that some arrangement will have to be made in order to mitigate the unfortunate consequences of the indemnity question as it stands today.

Before this question is definitely settled, it would be dangerous to commit ourselves to any long term engagements. However, whatever modifications or extensions are made, it is clear that the entire German population must for a long time keep its standard of life below that of its conquerors.

Accordingly, extensive readjustments may be expected in Europe. We must hope that they will be made as peaceably and with as little suffering as possible. As I see it, in course of time we will have, at best, a Europe with a smaller population and therefore a much smaller purchasing power. The old purchasing and spending power, which should not entirely disappear so long as the fixed capital of the world is preserved, has been to a great extent liberated and transferred to the new world. It may at first be utilized in other ways to further increase the productive power of the new world, but it will in the long run carry with it in its wake civilization, art and literature. It is once more the movement of civilization westwards—beginning in the new place, as it did in Athens, Rome, Genoa, etc.—with commercial prosperity.

This leads us back to the United States.

We have fully realized of late that we can not continue as mere onlookers to all that is going on abroad. We were at first inclined to argue along the following line: "Why invest abroad, where the yield is comparatively low and uncertain, so long as we can utilize the capital in developing our own country at substantially safer and better profit?" But now we see the folly of this argument, because we can only produce at home to the extent that we can market our products. At present the home market can not absorb all we are capable of producing. There are, therefore, two courses possible—either to lower our standard of life considerably and be self-supporting and at the same time to open up to immigration, thus enlarging our home market. This we do not care to do, not wishing to see our country swamped by immigrants but rather leaving the normal development of the United States to our descendants. The other alternative and that which we must adopt is to invest our surplus funds abroad, partly in order to make them productive and partly in order to enable foreign markets to buy our products.

When investing abroad, there are



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three different policies which can be pursued.

First, there is the policy of granting large loans to foreign governments, municipalities or first class public utilities. This is the comparatively easy and safe way, in which the capital is fixed at a certain yield. This method was chiefly used by France before the war.

Then, there is the more energetic way of working with one's own capital abroad—at greater risk, it is true, but more advantageously too, if well handled. This was primarily the German method of making foreign investments.

In both of the above cases the capital is, to a great extent, fixed and can not be quickly withdrawn.

Finally, there is the policy which England pre-eminently adopted, that of acting as international bankers—moving the produce and merchandise of the world—thus always keeping the capital so liquid that it can be quickly with-

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INTERNATIONAL BANKING—SHIPPING—TRAVEL and FOREIGN TRADE

drawn, if necessary, and giving the banker the call on and power over the free capital of the world.

Our surplus of capital is so large that we can adopt all three methods. The issues in the bond markets of late show to what extent we have already commenced. We must, however, be careful not to go too far in permanently fixing our capital abroad. What shape the purchasing power of the world will take is still uncertain and this will continue so as long as the reparation question is unsettled, and, in view of the further possible development at home, we must take care that we can withdraw sufficient capital from abroad as and when the time is ripe for additional expansion at home.

It would, therefore, appear highly desirable to further develop our international banking business. True that this business is difficult and requires special study and that during recent years we have lost considerable thereby; but that does not mean that it is undesirable. The trouble has been that more often than not it has been handled by banks carrying inland deposits or by subsidiaries of said banks, who had but little time to study conditions abroad and who in a crisis would, naturally, give first consideration to the domestic requirements and thus withdraw from the foreign field at a moment when credits could often have been further extended to advantage.

We must endeavor to establish a number of special institutions at home, having their own independent capital and brains and being well equipped for acceptance business exclusively. Such institutions, which are not responsible to inland depositors and which are fully cognizant of the risks they are taking, can well afford to enter the foreign field, not alone to the extent that New York bankers did two years ago, but even further.

It was only reasonable that at first strict regulations as regards acceptances on the part of member banks should be prescribed; but, in consideration of the experience gained, it would be well if accepting houses, other than national banks and trust companies,

were given a much freer hand with a view of extending dollar acceptances further. If we want to see the dollar as the international currency of the world, we must look to it that responsible parties abroad under all circumstances can obtain dollar acceptances against easily marketable free capital, whether same is in process of production, of shipment or in warehouse. It would also appear desirable to encourage first class finance bills, particularly from countries whose currencies are well on the road to ultimate recovery.

In conjunction with such local accepting institutions, it would be well to have independent banks, organized solely for the purpose of establishing branches abroad. Here again, independent capital and brains, not primarily responsible to inland depositors or banks, are essential. Such foreign banks, as the British Colonial, South American, Eastern and African Banks, would greatly strengthen the dollar acceptance abroad, provided they resisted the temptation of beginners to compete with their own clients abroad. We all know that a local bank should not become a cotton merchant and compete with its clients. The same is true of a foreign branch bank; it should be the supporter and not the competitor of the strongest and best houses in its district.

While the local discount market has developed satisfactorily, we have still materially to improve our machinery for the purpose of handling and pushing dollar acceptances abroad, and it is to be hoped that progress may be made in this direction so that we may further extend the dollar acceptance on a safe basis and in the right proportion to our large accumulation of gold.

There is also to be considered the investment of capital abroad as merchants, developing the foreign fields for our own account. Two years ago everybody seemed enthusiastic about foreign business, and now nobody seems to care to touch it. True that many entered into it without sufficient experience; but others failed more as a result of lack of assistance from their bankers than on account of bad manage-

ment. Many organizations—whether they have failed or are being liquidated—have something worth preserving.

We can not afford to see the brains of our foreign trade forced into other callings. It is to be hoped, therefore, that bankers will do their utmost to assist in reorganizing or amalgamating organizations that have satisfactorily handled foreign business and in encouraging the introduction of fresh capital so that we may go ahead, profiting by the experience gained during the past difficult years, and not see our sacrifices made to no purpose.

Developments have shown that the principle, upon which some five years ago we set out to develop our foreign business—through the stock exchange, as bankers and as merchants, was

fundamentally sound. True that we had to gain our experience at a most difficult time and that we made many mistakes, being too keen to expand quickly and consequently overtrading; but we have now learned our lesson, and, although we suffered heavy losses, taking all circumstances into consideration, we have not fared much worse than our competitors, who have been in the game so much longer than we. There is, therefore, no need to feel discouraged; on the contrary, we are on the right track and we must, with energy but caution, prepare ourselves so as to be able to go ahead again as soon as conditions clear themselves. Then we shall see that with courage and perseverance, on which we pride ourselves, we shall in the end be successful.



The Economic Situation of France*

By the Hon. Maurice Casenave

I AM most appreciative of the opportunity which the Pennsylvania Bankers' Association affords me of speaking on the economic situation of France. This situation is of world-wide interest; all nations are connected with each other as are connected liquid-containing vases, the contents of which are common to the others.

At the present time the most important of all problems in France is reconstruction. This complicated problem embraces all economic, financial, and social questions, and not the future development only but even the future existence of the nation depends upon its solution.

The direct losses suffered by France during the war are known; about 1,400,000 of her young men were killed, and 700,000 permanently crippled, who have to be supported by the nation for their lifetime. Thus by their death and disablement an important economic factor is eliminated, and the pensions which have to be paid to their families weigh down upon the French budget,

and will continue to weigh down upon it, until certain cash payments on account of reparations are paid into our national treasury.

The material destructions suffered by France have been estimated, after careful study, at about \$12,000,000,000 gold, to which must be added the total of the pensions which have to be paid to the families of the dead or incapacitated soldiers, and which have been capitalized at about \$12,000,000,000 also.

The French debt has risen from \$7,000,000,000 to \$60,000,000,000 of which more than \$6,000,000,000 are foreign debt due to the United States and Great Britain.

STATUS OF FRENCH FOREIGN INVESTMENTS

Moreover, there are some losses to which references are seldom made, and which have increased the economic difficulties of France. Before the war

* Address delivered before Pennsylvania Bankers' Association in Philadelphia.

France was close to being the greatest lender to foreign nations. Foreign nations had acquired the habit of coming to France in order to issue loans for national expenses, public works, or even private industrial enterprises. The proverbial thrift of the French people has helped to construct railways in the United States, Italy, Argentina, Brazil. These loans were made at a rate of interest averaging under five per cent. French money was lent to the Imperial Russian Government to an amount ex-



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THE HON. MAURICE CASENAVE

Financial adviser to the French Legislation at the Washington Conference on the Limitation of Armament

The Hon. Maurice Casenave entered into the French Diplomatic Service and served the Secretary of Embassy at Athens, Tokyo, Berlin and Petersburg. He spent fourteen years in China, in the beginning, in the diplomatic service as first secretary and as chargé d'affaires for France, and later as representative of the French group in the International Consortium formed with the object of helping China financially. In 1913 he returned to France, and re-entered the French Diplomatic Service at the beginning of the war. In 1915 he came to the United States as financial representative during the war; the last year of the war he was sent to Brazil as Minister Plenipotentiary for France.

After the cessation of the hostilities he came to the United States as French High Commissioner to liquidate the purchase and accounts of the French Government.



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ceeding \$2,500,000,000, and to Russian railways and mining and industrial enterprises to the extent of about \$1,500,000,000. These loans made to Russia have undoubtedly been of use to France, as they permitted the building of the former Russian army, whose opportune diversion on the eastern front helped us to win the battle of the Marne. But, at the present time they seem to be greatly endangered, and although they may be recuperated when principles of honesty prevail in Russia, they do not actually bring any income at a moment when any income would be most helpful to France.

In the Balkans France has invested money in a similar manner, in Rumania, Serbia, Bulgaria, Greece and Turkey to an amount of over \$1,000,000,000. These investments seem even more dangerously imperiled than the loans made to Russia, as these last-mentioned nations are comparatively poor. It seems



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Borgo a Mozzano	Gallipoli	Palermo	Tempio Pausania
Bosa	Gavi	Pallanza	Termini Imerese
Bra	Genoa	Parento	Terranova di Sicilia
Brescia	Giugliano in Campania	Perugia	Tivoli
Cagliari	Gravina	Pescina	Torre Annunziata
Caltagirone	Greve in Chianti	Piadena	Torre dei Passeri
Camaloro	Grosseto	Pietrasanta	Torre Pellice
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Campobasso	Gubbio	Plombino	Trapani
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very doubtful that their pre-war indebtedness can ever be collected, inasmuch as some of these nations—Rumania, Serbia and Greece—have increased their debt to France during the war. The sums advanced by France to her Allies exceed 14,000,000,000 francs. As the franc during the war was always maintained near its par value, these sums exceed by about \$500,000,000 the sums which were advanced to France at the same time by the United States.

EXPENDITURES AND THE 1922 BUDGETS

The thrift of France, which manifested itself by lending money for the development of the world, must now manifest itself to provide for the necessary expenditures, as allotted every year in the budget, to repair French losses and to create new riches, thereby to enable us to comply with our national obligations.

France has to provide for expenditures of a different nature:

1. Expenditures necessary for the upkeep of the Government, national debts, administration, public works, army, navy, etc. They are of a permanent character and repeated every year. What we call in France the "ordinary budget" provides for them.
2. Expenditures to meet transitory necessities, which once paid for, will not be renewed: for example, expenses paid in the Near East or Morocco. These expenses are essentially temporary and form the "extraordinary budget."

These two budgets for 1922 total about 25,000,000,000 francs. After every possible compression these budgets are about 2,000,000,000 francs less than the corresponding budgets for 1921. With the exception of a deficit of about 1,000,000,000 francs, which has to be covered by loan, both "ordinary" and "extraordinary" budgets are covered by taxes.

DEFICIT NOT OUT OF PROPORTION

Considering the general conditions of the world, this deficit of 1,000,000,000 francs does not seem so exaggerated.



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The United States is facing even a larger deficit. Before the war, the northern departments paid one-fifth of the total amount of the taxes paid by France. Three years only have elapsed since the cessation of hostilities, the population of these departments having not yet recuperated from the ruins caused by the Germans, cannot be taxed, at this time. Owing to the world crisis, the turnover tax, considered as the most just and most scientific of all taxes, is far from bringing in France, as in any other country, the expected returns. In this connection, I dare make the remark that the French people pay more taxes than is generally believed in this country. Calculations have been made by the financial organization of the League of Nations of the taxation per capita in the principal countries of the world. This calculation does not refer to income tax only, but includes the proceeds of all taxa-

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tion, direct or indirect. According to this calculation, England is taxed twenty-six per cent., the United States eight per cent., France nineteen per cent. and Germany only twelve per cent. of the revenue per capita. In this country I have often heard just complaints made from a purely business point of view about the inconveniences of over-taxation. It seems to me that these inconveniences should be felt even more in France, who has suffered so much from the war, than in the United States, which is certainly in a much better financial position.

In any case, considering the present conditions, one may rest assured that as soon as restoration of our devastated regions has been achieved and as soon as the general conditions of business in the world have been improved the French budget will be balanced by taxation only.

Especially more so, as some of the expenditures of the extraordinary budget are only temporary; for example, our expenses in the Near East, which are the consequences of a mandate provided by the Treaty of Versailles.

France, as a European nation with long tradition and located in the midst of all European difficulties, is not in a position to reject mandates. The only thing which she can do is to exercise these mandates so as to make them as inexpensive and as peaceful as possible. This she succeeded in doing in the Near East by the recent negotiations in Angora which, although being the object of criticism, nevertheless brought to the problem involved a solution less

expensive than the continuance of war.

To sum up, I feel quite certain that, considering the difficulties confronting France, her "ordinary" and "extraordinary" budgets are in the best possible condition.

RECONSTRUCTION AND REPARATIONS

There is a third kind of expense which is incurred for reconstruction and for the paying of pensions. These expenses have been incorporated under the name of "budget of expenses to be recuperated from Germany." Properly speaking, these expenses are foreign to any budget.

They constitute an account opened by the French Treasury to record the indemnities advanced by the French Government to the victims of the war, and which, in compliance with the Versailles treaty, are to be paid by the Germans. As it would be too odious to impose taxation on the victims for the reparations of the wrong done by a destructor because of his reluctance to pay, these advances cannot be considered as budgetary expense to be covered by taxation.

Notwithstanding the fact that Germany did not pay for the wrong she has done, it was of absolute necessity to bring the families, the population, back to their homes; to rebuild the towns, churches and schools; to give the people means of existence; to restore the fields; reconstruct the farms and manufacturing plants; to put the mines into operation. This was of primary importance, as France was depending upon the

devastated regions for large quantities of wheat, sugar, coal and textiles. Until these regions brought returns, France was compelled to buy a corresponding amount of raw materials in foreign countries at an adverse rate of exchange.

Under these difficult conditions, while awaiting payments from Germany, the French Government began financing reparations out of the resources of France. Of course, if one considers that certain of the goods necessary for reparations have to be purchased abroad it is readily understood that the cost of reconstruction is weighing heavily upon France, as the exchange is now against the franc and as the purchasing power of money in general has been greatly deteriorated.

In spite of the adverse conditions, a sound and provident reconstruction began, the part most apt to produce riches receiving first attention and now ninety-five per cent. of the fields are cultivated, seventy-five per cent. of the manufacturing plants are in operation; everywhere one can see fields covered with crops and newly equipped factories, surrounded by huts in which employers and employees alike live in hardship. The spirit of the farmers, laborers, and of the public in general can be compared with the spirit of the pioneers, for they give no thought to the hardship of their daily life, having only one thought, the work to be done.

Thus, since the armistice, about 50,000,000,000 francs have been provided by the French Government for reparations and pensions. To cover these enormous sums—which, as I insisted above, should not be covered by taxation—the French Government appealed to the public by direct loans and by indirect loans floated by a bank—the “Crédit National” created especially for the purpose. Others were issued by corporations established with the object of using the organized credit of the devastated population themselves.

At first the circulation of the “Banque de France” had been increased; but the Government, considering that this inflation was endangering public credit, put an end to the issue of such notes.

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For the past two years, instead of printing notes in conformity with the German system, not only has inflation of the notes of the bank been completely stopped in France, but circulation of outstanding notes has been reduced by more than 2,000,000,000 francs.

With the view of providing for reconstruction the Government had recourse to another process. It framed a means of mobilization of all the working funds of all the responsibilities of France, by issuing treasury bills. The Government has been reproached for having issued these treasury bills; however, thanks to these treasury bills, the 50,000,000,000 francs needed could be raised, and a large part of reconstruction has been made in spite of the slowness with which Germany has made her payments.

If one can judge a financial policy by its social results, one cannot help notice

ing that in France there are less strikers than in some other countries, even in those less hurt by the war than we have been; in France, everyone goes to his work peacefully; recent statistics showed about 14,000 unemployed, this out of a population of 40,000,000.

GERMANY MUST ULTIMATELY PAY

I must lay stress upon the fact that payments made for reparations are only advances which ultimately must be met by Germany. Contrary to prevailing rumors, France from the beginning tried to organize a practical settlement of reparations with the Allies as well as with Germany; attempts in this direction were made in December, 1920, and in January, 1921, but the attitude of the German cabinet, then presided over by Mr. Fahrenbach, was such that it did not permit the application of the elaborated scheme. Germany ceded only to an ultimatum which was served together with the menace of the occupation of the Ruhr and of some economic sanctions. These sanctions were lifted at the first manifestation of goodwill shown by the Germans, and the French minister of the liberated regions, Mr. Loucheur, signed an agreement in August last, at Wiesbaden, to provide for payment in goods.

THE AGREEMENT FOR PAYMENT IN GOODS

The terms of the Wiesbaden agreement lay down a *modus vivendi* whereby a committee, or possibly a corporation, will be established in France to represent all the French sufferers of war damages. This corporation will receive orders from these sufferers for whatever materials they may require for reconstruction. These orders may be placed up to 1,000,000,000 gold marks per annum. They will be handled by the French committee or corporation to a committee or corporation of Germans which will represent all the leading German manufacturers of all types of materials. The payment for these materials in Germany will be made at the price of materials bought on the French internal market.

The German committee or corporation opens a credit in Germany on behalf of the French committee or corporation of an amount of 7,000,000,000 gold marks. This credit will be repaid in 1936. So as to permit rapid reconstruction with the goods to be purchased with this credit, these will have to be delivered up to the value of the full amount of the credit before May 1, 1936.

The German seller is paid by the German organization: the amount of each payment so made is placed to the credit of the German Government and is deducted from the German debt according to the maturities of the said debts. Interest at five per cent. will be paid to Germany because of the anticipated payments which she is to make. If in 1936, the date of the maturity of the said credit, the rights of France to indemnity have not reached the sum of 7,000,000,000 gold marks, France shall pay in cash the difference between the amount of the indemnity due her and the said sum of seven billions.

FRANCE DOES NOT SEEK GERMANY'S RUIN

One can see that this agreement has the great advantage of bringing the question of reparations from the financial to the economic ground. It begins a collaboration with the living, working Germany; with the part of Germany which honestly wants to pay its debts. By that fact, it is the most momentous of all negotiations since the Versailles treaty. It proves that France does not seek to ruin Germany, as some people try to persuade the world, which they deem simple-minded enough to believe that a creditor is stupid enough to seek the ruin of his debtor.

Because it seems to interfere with payments due to other Allies, the Wiesbaden agreement has not yet been put into execution; but it seems to indicate a new spirit. It is undeniable that Europe is beginning to reconstruct herself morally; this condition is necessary for her material reconstruction. A young nation like the American people is not always apt to understand the virtue of

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RESOURCES		LIABILITIES	
Cash on hand and in Banks.....	\$483,493.33	Capital.....	\$2,000,000.00
Due from Foreign Banks.....	3,265,217.12	Surplus.....	600,000.00
Current Accounts.....	786,037.45	Undivided Profits.....	245,788.19
Bonds.....	16,909.72	Certified Checks.....	17,689.68
Demand Loans.....	200,000.00	Current Accounts.....	4,995,418.34
Time Loans.....	756,700.00	Customers' Loans.....	200,000.00
Bankers' Acceptances.....	3,990,558.77	Acceptances.....	2,562,862.87
Bills Purchased.....	137,135.94	Letters of Credit and Foreign Ac- ceptances.....	870,813.00
Furniture and Fixtures.....	5,230.85	Liability under Foreign Exchange Contracts.....	17,524,405.98
Accrued Interest, Commissions and other Items Receivable.....	28,009.41	Special Guarantee Account Dol- lar Exchange.....	750,000.00
Customers' Liability under Ac- ceptances and Letters of Credit.....	3,253,675.87	Balance Foreign Exchange sold, at current rates.....	3,081,490.74
Purchasers' Liability under For- eign Exchange Contracts.....	20,043,958.14	Reserved for Taxes, etc.....	59,345.08
		Unearned Discount, Commissions, etc.....	44,484.78
		Other Liabilities.....	14,627.97
Total.....	\$32,966,926.63	Total.....	\$32,966,926.63

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time as a healer of moral wounds; this healing is beginning to take effect on the health of Europe.

FRANCE DESIRES PEACE

The fact which cannot be over emphasized is that, at the present time, the only desire of France is for peace. Peace is the main factor of France's financial and economical reconstruction; armaments are one of our greatest expenses, and since the termination of the war our constant effort has been to reduce them. This is the reason why France was the first to welcome, with the utmost sympathy, the proposal of a conference for the limitation of armaments when it was called by President Harding.

But, in order to be fully effective, peace cannot be separated from security in the minds of the people of France. France, as a nation, has a long past and a long history. Owing to her geographical position, it took long and bloody wars to build and to preserve

her national unity. In the last fifty years France has been invaded twice—in 1870 and in 1914.

It is obvious that the mere thought that the horrors of those times could recur is sufficient to alarm the French people. Our history teaches us another lesson. In 1807, after the battle of Jena, Emperor Napoleon, then dominating Europe, and having all the potentates as his confederates, tried to annihilate the military power of Prussia. However, by the underhand and indefatigable work of her Government and people, Prussia succeeded in building a militaristic organization so promptly that six years later she was in a position to send the strong army which decided the fate of the battle of Waterloo.

FRANCE MUST HAVE PROOF OF FUTURE SECURITY

To be certain that such a nation as Germany is no longer a menace to France one has to have proofs that she

is disarmed morally as well as materially, and that she is ready to pay for the wrong which she has committed. In the laboring and most honest classes there seem to be signs of repentance. But anyone returning from Germany is impressed by the fact that the great magnates of industry and the former junker classes are filled with the spirit of vengeance only. Can France run the risk of another attack?

During the negotiations for peace, in order to protect ourselves against future invasions, some of our great generals who enjoyed the confidence of the French people whom they had saved, advised France to exact from Germany forever the frontier of the Rhine. More cold-blooded advice came from the allied nations. Their representatives promised the French people that their help would again be given in case of another attack. France believed in them and refused to heed the advice of her military chiefs. Circumstances, which it is useless to recall, proved that France had to rely solely upon her own army to protect a frontier which had proved inefficient in 1870.

In spite of the fact that Germany in the last war was not invaded, as we were in 1870, and that three years have passed since the cessation of hostilities, Germany is far from having paid us half of what we, in 1870, had paid to Germany in one year. In order to insure, by our own means, the protection of our frontier and to secure the fulfillment of obligations which were laid upon us by virtue of the mandates, or which were imposed upon Germany in our favor, we need an army. This army which is sometimes made a subject to reproach us with, seemed very useful to all, for since the end of the war not long ago when Poland had been crushed and when Warsaw was menaced by the triumphant armies of bolshevism, what would have become of the world, at that time, if the army of France had not been ready?

But, these times are past and we hope they will never be known again. The bolshevists themselves seem to have reached a more thorough understanding

of what nations owe each other. The military power of Germany has undoubtedly been reduced and is, at the present time, somewhat controlled by interallied commissions; our army need neither be as large nor as important as it was before the war.

REDUCTION IN SIZE OF ARMY AND MILITARY EXPENDITURE

By comparing the figures for 1922 with those of 1914 one can readily see that the number of men under the French colors has been greatly reduced. To begin these reductions, we did not wait for the meeting of the conference for disarmament in Washington; they were anticipated in the projected budget for 1922, which was submitted to the French Chamber of Deputies at the beginning of 1921. Before the war, our troops, including those necessary to the defense of our colonies, figured 947,000; according to the budget for 1922 they are reduced to 643,000 men; prior to the war, every man was compelled to serve three years in the service—at the present time men are serving only about two years, and, ere long, the time will be reduced to eighteen months.

If we compare the proportion of military expenses to the total expenses, we see even a larger reduction. In 1914, out of a total budget of 5,200,000,000 francs, military expenses amounted to 1,435,000,000, or twenty-seven per cent. In 1922, out of a total budget of 24,500,000,000 francs, military expenses amounted to 3,700,000,000, or fourteen per cent. Of course, in these figures two factors must be considered; first, the reduced purchasing power of the franc and at the same time the increase in the cost of living; second, the increase of our debt, the interest of which is included in the budget.

The above explanations are necessary to enable you to understand the position taken by France at the Washington conference, as well as to show you that France, since the end of the war, succeeded in reducing her army by one-third.

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NO "DARK DESIGNS" IN NAVAL ARMAMENTS STAND

As regards naval armaments, France has recently been reproached with some kind of megalomania and of lavish dilapidation of her finances. At the conference in Washington she spoke of 350,000 tons of capital ships, light cruisers and 90,000 tons of submarines. This provoked universal disapproval and even indignation; dark designs were suspected; public references were made pretending that certain Frenchmen intended to wage war against our ally, who yesterday fought with us for liberty and civilization.

I am glad that such utterances were made openly; it furnishes an opportunity to clear ourselves of an infamous and stupid suspicion. It is not with the view of attacking anybody that we ask for such a fleet; it is for the very simple reason that a big country must be in a position to rely upon herself, to protect her own coasts, and to assure communications with her overseas posses-

sions. It is for the same reason that the United States and Great Britain, who were never suspected of being militaristic or megalomaniac, ask for a fleet of 500,000 tons each.

Everyone knows that a fleet which shows on every sea the flag of a big nation is commercially a very important factor in time of peace and that it has a far-reaching effect, as advertisement, toward the development of maritime commerce.

AREA OF FRENCH COLONIES

The main reason why the demand of France caused such an emotion in the United States is because the man in the street in America ignores the fact that the total area of the French colonies slightly exceeds that of the United States, Alaska, Porto Rico and the Philippines combined. Some of our overseas possessions, Algeria, Tunis, Morocco, only at a few hours distance, really form a part of continental France, others like Madagascar, an island as large as

the State of Texas; Indo-China, which covers an area equal to that of California, Oregon and Washington states combined, are located at distances varying from 5,500 to 9,000 miles. The islands of Oceania, which number over one hundred and which were the object of the recent agreement regarding the Pacific, are located at the Antipodes of France.

The total length of the coast of the colonies is 7,000 miles. The population figures 60,000,000 inhabitants.

French possessions and colonies are very valuable. Their annual commerce was greatly developed during the war and now exceeds 10,000,000,000 francs a year. They produce large quantities of tropical products, cereals, foodstuffs, metallic ores, and raw materials of every description which otherwise France would have to buy in foreign markets at a rate of exchange very unfavorable to us. We expect our colonies, by producing new wealth for France, to play the same part in our reconstruction as did the western territories in the reconstruction of America after the Civil War.

A large number of the inhabitants of the colonies are either good agriculturists or dairy farmers; some have become excellent mechanics; they are grateful to us for the benefit of the civilization which they received from us and for the security which they enjoy under French domination.

During the war they helped us with men and money. Over 680,000 fought in the trenches, 238,000 worked in the rear of the army and 107,000 served as agricultural workers. We need an army to assure our communications in time of emergency with these important overseas possessions.

NAVAL REDUCTION BEGUN AT ARMISTICE

Nevertheless, as soon as the armistice was signed, we began reducing our navy, with a view to curtailing our budgetary expenses. The construction of five battleships, amounting to 126,000 tons was stopped; thirteen old battleships totaling 148,000 tons, were scrapped; we gave up the laying down of five replace-

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ment units, amounting to 120,000 tons, and of the total program for 1912, amounting to 155,000 tons. Thus, the total of our abandonments amounted to 544,000 tons long before the call of the United States to the conference had been sent forth. Our naval expenses before the war amounted to 461,000,000 francs, or less than nine per cent. of our total budget; our naval expenses for 1922 provided for 940,000,000 francs, or less than four per cent. of the total budget.

FRANCE WILLING TO REDUCE NAVAL PROGRAM

Moreover, in consideration of the concessions made by others, the French Government showed its willingness to sacrifice a large part of the program of ten capital ships, which had been prepared by our naval experts and the lay-

ing down of which had been postponed; we have agreed to reduce our construction, in this connection, to 175,000 tons as against 500,000 tons for the United States and England, 350,000 tons for Japan, and 175,000 for Italy. The light cruiser and submarine questions remain open. Having such reduced tonnage of capital ships, we must take other measures to safeguard our communications with our overseas possessions. Such communications have to be made by convoys, so we need light cruisers. The safety of the French coast proper and of the coasts of her colonies must be protected in some way; we need submarines to protect them. But, on the proposal of two eminent statesmen, Messrs. Elihu Root and Arthur Balfour, regulations for submarines have been adopted which forever prevent the ruthless use of submarines in time of war.

This is a candid explanatory statement of the situation of France. Lately it has been the subject of so much discussion that I thought it would prove of some interest to you to have it explained from an economic as well as from a political point of view. I hope that you will admit that, under the most trying circumstances which were ever borne by a nation, France has followed a line of conduct in conformity with her past of courage and that the adopted

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course will be fruitful, bringing, in the future, peace and prosperity to herself and to the world.



Review of United States Foreign Trade in 1921

FOREIGN trade figures of the United States in the calendar year 1921 show an appalling reduction in their stated value of the merchandise entering and leaving the country. In no single year in the history of our foreign trade, according to the *Trade Record* of the National City Bank of New York, have the official figures shown such a percentage of reduction. The total foreign trade of the country, imports and exports combined, stood at thirteen and one-half billion dollars in the calendar year 1920, the highest total ever reached, and eleven months' figures end-

ing with November, 1921, justify the assertion that the total for the full year just ending will not exceed \$7,000,000,000, and will probably fall a little below that total as against thirteen and one-half billion dollars one year earlier.

The reduction in the total values of the merchandise entering and leaving the country in 1921 will be about forty-eight per cent., in imports the reduction will be approximately fifty-three per cent. and in exports, forty-five per cent.

This fall off in the values of the foreign trade in 1921, when compared with

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J. G. van Breda Kolff

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1920, extends to every great group of articles, both in imports and exports. Raw manufacturing material imported shows a fall off of about fifty-three per cent. in total values; foodstuffs sixty-three per cent., and manufactures forty-three per cent., these figures being of course in very round terms, the smaller reduction in manufactures being due to the fact that importers are bringing in large quantities of manufactures in anticipation of a higher tariff. On the export side, manufacturing material shows a fall of forty-eight per cent., foodstuffs thirty-three per cent., and manufactures fifty-one per cent., these figures as to exports being also necessarily in very round terms.

Considering the trade of the country with the grand divisions, imports from Europe show a fall of thirty-eight per cent., from North America fifty-four per cent., from South America sixty-four per cent., and from Asia and Oceania fifty-eight per cent. Exports

to Europe show a decline of forty-five per cent., to North America forty per cent., to South America fifty-six per cent., and to Asia and Oceania thirty-nine per cent.

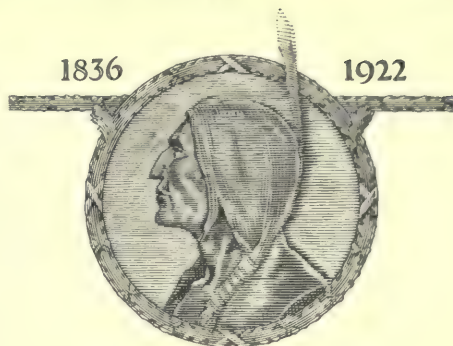
CAUSES OF DECLINE IN VALUE

The general causes of this tremendous decline in the value of every group of articles imported or exported and also a reduction in the trade with every grand division of the world, lie primarily, says the bank's statement, in the fact that the prices per unit of quantity are in most of the important articles less than half those of a year ago and that in many instances a given quantity of merchandise being now imported is valued at less than half that at the same date last year. Our biggest imports are of course, in manufacturing materials, india rubber, hides and skins, wool, raw silk, raw cotton, fibres, and

tin. The rubber imported in October, 1921, entered at fourteen cents per pound against thirty-seven cents in the same month of last year; cattle hides at ten and one-half cents a pound against twenty-two cents; carding wool at fourteen cents a pound against forty cents a year ago; combing wool in September, 1921, (no imports in October) at twenty-three cents per pound against sixty-six cents one year earlier; raw cotton in September sixteen and one-half cents against fifty-four and one-half cents in September of the preceding year; tin twenty-seven and one-half cents a pound against fifty-two cents a year earlier; Manila hemp \$135 per ton against \$310 one year earlier; the only important manufacturing material which has failed to show a big fall off being raw silk. In foodstuffs conditions are similar, the sugar imports of October, 1921, averaging two and eight-tenths cents per pound against 13.9 cents in October of the preceding year, while in other articles of food there is a material reduction but none as great as that of sugar, which by the way is the biggest single article of foodstuffs imported.

The fall off in values of the principal articles exported is equally striking and an equally important factor in the causes of the decline, wheat exported in November going at \$1.18 per bushel as against \$2.60 in November of last year; corn in October at sixty cents per bushel against \$1.33 in the same month of the preceding year; cotton at twenty cents a pound against thirty cents one year earlier, and bacon at thirteen cents a pound against twenty-three cents a year earlier.

Of course, adds the bank's statement, these big reductions in the value per unit of quantity of the articles imported and exported, are not the only causes of the big fall off, for there are many actual reductions in quantities, and this is due to the decreased purchasing power of our own farmers and wage earners and also to the big reduction in the imports of the countries to which our exports are sent.



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America's Prosperity and Foreign Trade

AMERICA'S industrial progress is inextricably linked with her foreign trade and it is impossible for the United States to achieve its pre-war prosperity by a revival of domestic business alone, says Henry A. E. Chandler, Ph.D., economist of the National Bank of Commerce in New York.

Doctor Chandler takes issue with those who believe that, since foreign trade represents not more than ten to fifteen per cent. of America's total commerce, the loss of a part of it would leave a sufficient percentage of the whole to insure reasonable prosperity. In the January number of the bank's magazine, *Commerce Monthly*, he points out that economic investigation proves that "even during periods of depression, volume of national business, after allowing for price changes, seldom departs from normal by more than fifteen per cent., and often by smaller percentages; and a seemingly small reduction in the percentage of gross business may have great significance when translated into terms of net profits and thus into final buying capacity.

"In view of the decline in foreign buying capacity it has been suggested that we may have to reduce our output to conform much more nearly to domestic demand and thus in the future prevent the accumulation of surpluses similar to those that have so recently demoralized some of our principal markets," he continues. "Undoubtedly such a reduction can be effected in part and indeed, to some extent, has already been done, but as a practical movement upon a large scale it is beset with great difficulties.

"If, for example, we lose only five per cent. of our total national business through the reduction in our foreign trade it does not mean that each industry loses only five per cent. The relative importance of foreign trade varies widely as between different industries. In some the proportion of foreign to total trade is insignificant while in others it is as high as one-third or nearly one-half. It is possible, there-

fore, that a reduction in foreign trade, amounting to no more than five per cent. of our total trade, may so effectively cripple some of our basic industries as to wipe out all profits and even to bring heavy losses.

"Our domestic trade will, of course, continue to be of much the larger importance in our economic life, and even if international economic affairs should remain in a highly unsettled condition we would, undoubtedly, make important substitutions and readjustments within our own territory that would contribute to the relief of our domestic business situation. Such readjustments are in part already under way. Indeed it is not at all clear that the uncertainty as to the international situation is an unmixed evil. In forcing us to look more closely for possible readjustments at home, consequent efficiency may, in the end, bring us some lasting benefits.

"On the other hand we must not overlook the fact that readjustments leading to increased efficiency may still leave in important cases a productive capacity in excess of domestic demands. Under these conditions individual producers cannot be expected to reduce their output simply because there exists an excess in the aggregate, at least not until they have been convinced that they may not capture a larger proportion of the home trade than they have heretofore obtained. Those who are familiar with the history of the destructive competition among railroads and industrial plants that led to the formation of the pools, the trusts and other forms of combinations between 1870 and 1900 will not have difficulty in visualizing what would happen if individual producers should all start out to capture a larger share of a domestic trade that in the aggregate is insufficient for them all.

AMENDMENT OF ANTI-TRUST ACTS MIGHT HELP

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competition. Such arrangements, however, would still leave the problem of surplus products partly unsolved. Moreover, the problem of amending our present laws, with a view to maintaining a wholesome degree of competition and preventing unreasonable price fixing without imposing upon business men great uncertainty as to what could be legally done, is extraordinarily difficult. As a practical matter, therefore, unless we are to face the possibility of an industrial competition of an intensity hitherto unknown—that indeed may dissipate part of our productive energy—we must recover in the foreign field sufficient trade to carry off the output of our surplus productive capacity.

"It may appear the easiest way in our present dilemma to let international matters 'take their natural course' and to concentrate upon the home market. It may be well doubted, however, that the final cost of such a course in money

and energy will be less to the nation than a course that would call for our active co-operation in the international economic and financial reconstruction that is necessary to a recovery of the buying capacity of the rest of the world. In any event the policies of hermit nations do not lead into the path of progress. Large industrial nations will continue to have political and, in some cases, even racial boundaries, but they can no longer have economic boundaries. Economic units and the forces that control their actions are now world-wide. Moreover, the resumption of our pre-war prosperity and the continuance of our normal growth involve an ever-increasing dependence upon international conditions. The whole course of our future economic development, therefore, lies clearly in the direction of a larger co-operation in international economic activities."



Lloyds and National Provincial Foreign Bank, Ltd., Place de l'Opera, Paris, from an etching by Louis Orr

Next Foreign Trade Convention to Meet in Philadelphia

THE Ninth National Foreign Trade Convention of the National Foreign Trade Council will be held in Philadelphia on May 10, 11, 12, 1922, according to the announcement of O. K. Davis, secretary of the council.

"The choice of Philadelphia as the convention city," said Secretary Davis, "is in accord with the policy of the National Foreign Trade Council to hold its convention each year in a different part of the United States. Previous meetings have been held in St. Louis, New Orleans, Pittsburgh, Cincinnati, Chicago, San Francisco and Cleveland.

"Philadelphia is peculiarly well fitted in every way for a foreign trade convention. Located in the heart of a great manufacturing territory, vitally concerned in foreign trade, actively engaged in developing new port facilities, and equipped to house the largest gatherings, Philadelphia should make an ideal meeting place.

"To judge from what some 'calamity howlers' say, it would appear as if our foreign trade were all shot to pieces,"

said Secretary Davis. "I wonder how many people in this country realize that our exports for the last six months have been sixty-three per cent. greater in value than in 1913, and about fifteen per cent. greater in volume; and that in the six months ending September, 1921, we have exported commodities valued at \$2,025,236,000 and have imported goods valued at \$1,197,850,000.

"The truth of the matter is, that the productive capacity of the United States has been so greatly increased during the war that our former 'normal' exports are not nearly great enough to enable our factories and farms to operate profitably at full capacity. It is certain that our foreign trade, considerable as it is even at present, must be expanded if the United States is to enjoy real domestic prosperity; the National Foreign Trade Council believes that our foreign trade can and will be so expanded, even in the face of present difficulties, provided all elements of American industry, agriculture, and finance will co-operate to that end."

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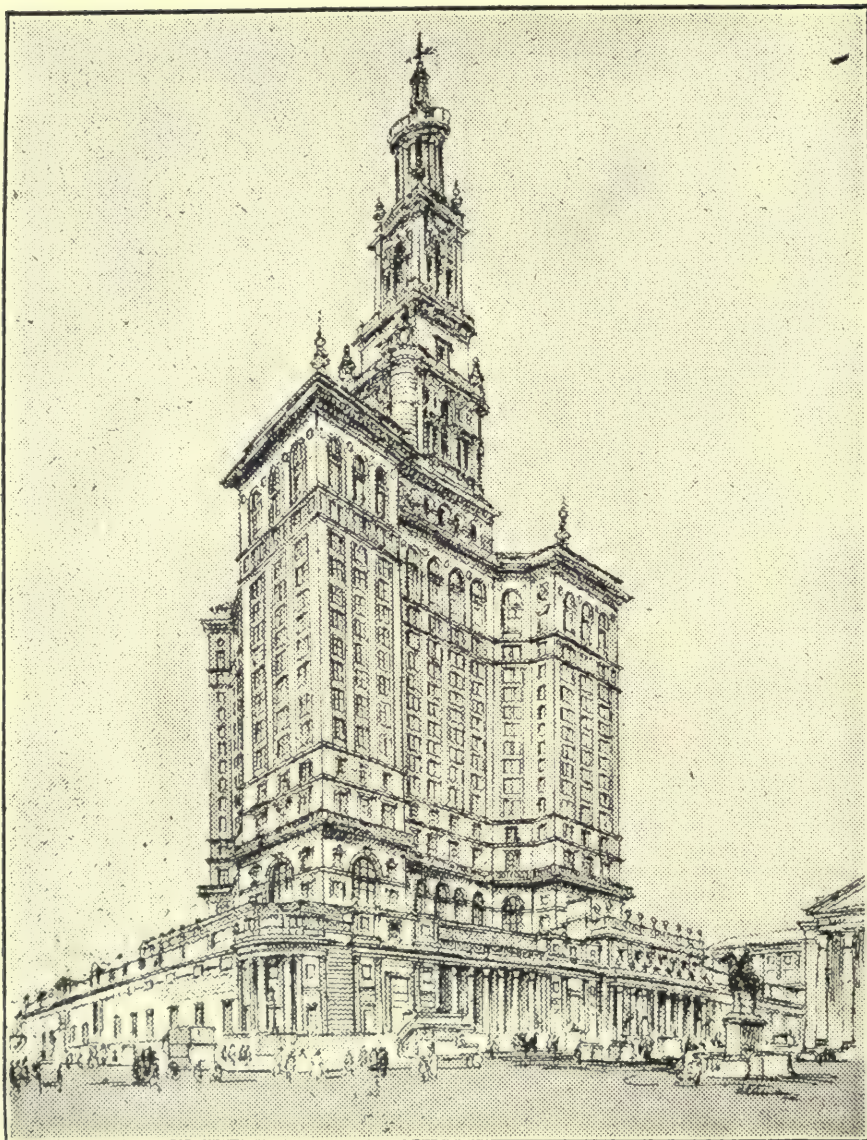
The month of November may be characterized, says the Department of Commerce at Washington, as a period of readjustment at the bottom of depression in British trade. As a consequence slight improvement may be noted in certain basic industries, as rather generally in coal mining and in certain aspects of the textile industries. Production of coal averaged 4,500,000 tons per week, as compared with 4,200,000 tons per week in October. Coal exports are also improving. This production of coal has been accomplished by a labor force only seventy-five per cent. that of 1920. It is evidence that the average production per man has greatly increased. The heavy increase in the yardage export of cotton textiles indicates that the markets in China and India are being restored.

Cost of living during November continued to decline, falling from 110 per

cent. increase over July, 1914, on November 1 to 103 per cent. on December 1. Total unemployment has increased, but the explanation is again offered that more names of unemployed are represented on the live registers. The revision of the British exports credit scheme in October has already begun to serve as a check on unemployment, particularly in the coal trade. The fall in the bank rate to five per cent. seems to indicate a period of easy money in the London market.

BANKING AND FINANCE

With the reduction of the bank rate on November 3 there were consequent adjustments of other rates, which did much toward correcting the irregularities of the money market. The effort to apply the principles of the Cunliffe Committee had resulted in a too rigid monetary policy. The present policy permits inflation to a certain extent, but is to be preferred as it promotes a healthier production and distribution of wealth, goods and service. Treasury



Courtesy *Boston Transcript*

PROPOSED BANK OF ENGLAND ADDITION

As a means to save the present historic building of the Bank of England, and at the same time afford needed enlargement through a skyscraper rising from within the present walls, an English architect, Prof. A. E. Richardson, of the University of London, has offered for public comment a sketch of a twenty-three story addition which he terms "a design more to illustrate a principle than of an actual building."

bills, determining the general level of money rates, sell now at less than three and three-quarters per cent., involving enormous savings to the taxpayer.

Concerning the rise in exchange value

of the pound, the *London Times Trade Supplement* for December 3 says: "The aim of the Treasury to raise the dollar value of the British pound sterling in New York is sound enough in that

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as we spend more in the United States than it spends with us a rising exchange will cheapen our imports from America. But we doubt whether the raising of the gold value of the pound will be secured solely by reducing British wages and British prices. In the past year an enormous mass of gold has been sent to New York. This large addition to the supply of gold must inevitably be reflected in higher commodity prices in the United States. A rise in United States prices would be equivalent to a reduction in sterling prices, and this would help to raise the American exchange."

Textile exports continue their upward gradient. The figures reported for November are the largest for any month since September, 1920. The total for the last two months was over 706,000,000 square yards, November's share of these being nearly 264,000,000 square yards.

BOARD OF TRADE RETURNS

The Board of Trade returns for October afford additional support for the encouragement which the September figures engendered, says a current monthly review of Barclay's Bank, Limited, of London. Exports were only about £3 million below the total in March last—the month before the coal stoppage—and, as imports show a substantial decline, largely as a result of lower prices, the adverse balance of trade has been reduced from £18 million in March and £43 million in June to £12 million in October. The total

adverse balance for the first ten months of 1921 is £244 million, compared with £335 million for the corresponding period last year.

There is still considerable headway to be made before the pre-war standard of export trade is reinstated, and in the case of iron and steel and manufactures thereof the percentage of the exports in 1921 to the exports in 1913 is far from satisfactory. It is noteworthy that in these particular industries foreign competition is unusually keen, but the fact that within the last few months progress has been made, suggests some benefit from the readjustments in production costs.

Exports of coal in October registered very little change from the September volume, but the value at £4,851,452 was lower, owing to the decline in price, the average declared value of the coal shipped as cargo being 28s. 6d. per ton in October, 1921, and 30s. 6d. per ton in September, 1921, while in October, 1920, the average was 86s. 2d. per ton.

Another feature of the October figures which calls for notice is the upward movement in re-exports, the total £10,385,614 being the highest recorded during the current year, and the fact that most of these re-exports are sent to the Continent affords some slight ground for hope that European purchasing power is improving.

In the figures covering the direction of foreign trade, it is observed that exports to Europe are still only slightly above the pre-war figures, notwithstanding the large increase in prices, but it is worthy of notice that, with the ex-

ception of Germany and Russia, most of the European countries are taking a larger percentage of Great Britain's total exports than they did in 1913. This fact, however, does not necessarily imply that the real cause of the trading depression is no longer to be found in Europe, because the interdependence of nations in the matter of foreign trade is very considerable, and the reason this country is not exporting in greater volume to such countries as India, the Argentine, etc., is largely due to the fact that those countries are prevented from purchasing British manufactures because of their inability to dispose of their own raw materials in the normal European markets.

PARTICULARS OF BRITISH EXPORTS TO CERTAIN COUNTRIES FOR THREE QUARTERS ENDED SEPTEMBER

	—In millions of pounds— Exports (including re-exports)		
	1913	1920	1921
Russia	20 $\frac{1}{4}$	11 $\frac{1}{2}$	1 $\frac{1}{2}$
Finland			2 $\frac{1}{4}$
Sweden	7	36 $\frac{3}{4}$	8
Norway	5 $\frac{1}{4}$	27 $\frac{1}{4}$	10 $\frac{3}{4}$
Denmark	4 $\frac{3}{4}$	28	7 $\frac{3}{4}$
Germany	45	35 $\frac{1}{2}$	29 $\frac{1}{2}$
Netherlands	15 $\frac{1}{4}$	46 $\frac{1}{2}$	26 $\frac{1}{4}$
Belgium	15 $\frac{1}{4}$	55 $\frac{3}{4}$	20 $\frac{3}{4}$
France	30 $\frac{1}{4}$	142	38 $\frac{1}{2}$
Switzerland	3 $\frac{3}{4}$	12	4 $\frac{1}{4}$
Portugal	3	9 $\frac{3}{4}$	3 $\frac{1}{4}$
Spain	6 $\frac{3}{4}$	16	11 $\frac{3}{4}$
Italy	11 $\frac{3}{4}$	35 $\frac{3}{4}$	14
Austria	4 $\frac{1}{4}$	4	1 $\frac{3}{4}$
Hungary			1 $\frac{1}{4}$
Greece	1 $\frac{3}{4}$	10 $\frac{3}{4}$	4 $\frac{1}{2}$
Rumania	1 $\frac{1}{4}$	4 $\frac{1}{2}$	4 $\frac{3}{4}$
Turkey, European	1 $\frac{3}{4}$	10	3 $\frac{1}{2}$
Egypt	7 $\frac{1}{4}$	36	13 $\frac{3}{4}$
China	11 $\frac{1}{2}$	32	19 $\frac{3}{4}$
Japan	12 $\frac{1}{4}$	22 $\frac{3}{4}$	14 $\frac{3}{4}$
U. S. of America	43 $\frac{3}{4}$	110 $\frac{1}{2}$	47 $\frac{1}{2}$
Cuba	2 $\frac{1}{4}$	4 $\frac{3}{4}$	2
Brazil	10	17	8 $\frac{1}{2}$
Argentine Republic	17 $\frac{1}{2}$	31 $\frac{1}{2}$	21 $\frac{3}{4}$
West Africa	5	19 $\frac{3}{4}$	9 $\frac{1}{4}$
Union of S. Africa	18	37 $\frac{3}{4}$	23 $\frac{3}{4}$
Brit. India & Ceylon	56 $\frac{1}{4}$	140 $\frac{1}{2}$	86
Australia	28 $\frac{1}{4}$	48	35 $\frac{1}{2}$
New Zealand	8 $\frac{3}{4}$	19	11 $\frac{1}{2}$
Canada	20 $\frac{3}{4}$	39	15 $\frac{3}{4}$

IMPORTS AND EXPORTS FOR TEN MONTHS

	—Merchandise—	
	Imports	Exports, (total)
Ten months ended Oct., 1921	912,467,645	668,951,972
Ten months ended Oct., 1920	1,650,812,939	1,316,165,552
Ten months ended Oct., 1913	629,476,245	529,304,884

EXCESS OF IMPORTS OVER EXPORTS

October, 1913	15,551,333
October, 1920	21,202,024
January, 1921	14,339,570
February, 1921	20,747,677
March, 1921	18,044,688
April, 1921	21,604,257
May, 1921	35,988,054
June, 1921	42,947,479
July, 1921	28,223,219
August, 1921	27,236,954
September, 1921	23,276,285
October, 1921	12,090,859

COST OF LIVING

The decline in retail prices, as measured by the Ministry of Labor index number of the cost of living for a working man and his family, continued during October, according to a recent monthly review of the London Joint City and Midland Bank, Limited. As compared with July, 1914, which is taken as equal to 100, the index numbers of food and of all items entering into domestic expenditure were 200 and 203 respectively on November 1 as against 210 for each group a month earlier.

The reduction in the food index number is accounted for by lower prices for meat, bacon, bread, flour, butter,

WHOLESALE PRICES AND THE COST OF LIVING SINCE JANUARY, 1920
JULY, 1914 = 100

	Ministry of Labor index numbers of retail		"Economist" Index number of wholesale Prices
	Food	All items	
July, 1914	100	100	100
January, 1920	236	225	288.8
February, 1920	235	230	304.7
March, 1920	233	230	320.1
April, 1920	235	232	327.6
May, 1920	246	241	322.9
July, 1920	258	252	307.8
August, 1920	262	255	308.9
September, 1920	267	261	303.7
October, 1920	270	264	299.9
November, 1920	291	276	281.4
December, 1920	282	269	258.6
January, 1921	278	265	232.4
February, 1921	263	251	220.3
March, 1921	249	241	203.0
April, 1921	238	233	199.9
May, 1921	232	228	193.3
June, 1921	218	219	192.6
July, 1921	220	219	188.7
August, 1921	226	222	188.2
September, 1921	225	220	189.0
October, 1921	210	210	193.1
November, 1921	200	203	179.9

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cheese, sugar, potatoes and margarine. Against these decreases there was a seasonal increase in the price of eggs.

The general index number declined as a result of the price movements in food, in addition to which the cost of clothing, fuel, light and miscellaneous items was lower.

The accompanying table, taking July, 1914, as the basis, shows the course of the two indices of the Ministry of Labor since January, 1920, together with the *Economist* index number of wholesale prices of commodities.

France

THE GENERAL SITUATION

France's trade balance again shows a monthly surplus of imports. Returns for November, according to the *New York Times*, show the excess of inbound trade to have run beyond 500,000,000 francs, raising the import surplus for the eleven months of 1921 to about 1,000,000,000 francs. These results,

it is true, compare with a seven hundred and eighty-nine million import surplus in November, 1920, and with an eleven-month excess of 11,600,000,000 francs in 1920 and 21,500,000,000 in 1919. It is also true that excess of imports in the eleven first months of 1913 was larger than it has been this year. But on the other hand, the export surplus of nearly 400,000,000 francs, which was achieved in the first half of 1921 has been much more than canceled. In financial circles the German reparations question continues to hold attention.

The British scheme consists in the proposal of forcing Germany to pay only 500,000,000 marks cash in addition to supplies in kind during the whole of 1922. France and Belgium are more exacting; they also believe it necessary that the Allies should exercise efficient control over Germany's finances, whereas England desires less severe supervision. There is also divergence of views concerning the nature of the guarantees which are to be obtained from Germany.

The conference at Cannes will be called upon to settle all these questions. With regard to the further economic conference, which has already begun here through consultation between business men, it appears that this will embrace the proposed creation of an international consortium, chiefly for the purpose of improving transportation facilities and of providing capital for general utility undertakings in Russia and Central European countries.

In order to make a reasonable forecast for the coming financial year and to see with at least some degree of clearness both the good and bad prospects which it offers, it is necessary first of all to clear up the causes of difficulty and disappointment which surround the present situation.

TROUBLE PRIMARILY ECONOMIC

Contrary to the opinion prevalent in other countries, well-qualified French financiers are of opinion that the root of the trouble which shows itself, especially in the unbalanced condition of the foreign exchanges, does not consist in immediate financial difficulties, but primarily in the economic upheaval throughout Europe resulting from the war.

Even were all the war debts between the Governments to be wiped off the slate, the international balance would by no means be restored. Furthermore it must be added that all countries which became debtors during the war, and in particular, the Central European countries, have piled up further commercial indebtedness in substantial sums since the signing of peace—though they no longer seem to be obtaining such credits. An international economic conference, then, could have useful results only if it ended in the granting of new credits to the debtor countries.

Meantime, all Europe naturally looks to the United States, the only country in the world whose currency is sound, to judge in what measure America can help out Europe; but in any case, 1922 promises to be another difficult year, in which we may yet have to face other unusual effects from liquidation following the crisis. There may still be ahead

of us business failures, sudden variations in prices, and difficulties with regard to credit. But the judgment of French finance is that liquidation of this sort is an essential part in the process of regaining normal economic and financial conditions.

The French budget for 1922 as presented in its revised form by the Finance Commission and upon which the Chamber of Deputies has taken final action is as follows:

	Francs
Ordinary expenditure	21,753,000,000
Extraordinary expenditure ...	3,200,000,000
	<hr/>
	24,953,000,000
Revenue from ordinary sources	19,778,000,000
Exceptional revenue	3,550,000,000
	<hr/>
	23,328,000,000
Remaining deficit: 1,625,000,000 francs.	

In an earlier draft of the budget, France's estimated expenditure for 1922 showed an excess of 2,500,000,000 francs over estimated receipts. The French Finance Minister, M. Doumer, proposed to make up this deficit by increasing the existing tax rate on business turn over from one per cent. to two per cent. The Finance Commission of the Chamber of Deputies, however, did not agree to this proposal, and considered that a reduction must be made in the Finance Minister's estimates of expenditure for 1922, so as to enable receipts to balance expenditure without having to resort to any further taxation.

M. Doumer according to advices received by the Bankers Trust Company, of New York, from its French Information Service, revised the estimates so that the budgetary deficit was reduced to 1,625,000,000 francs. Most of this modification, however, was achieved not so much by the reduction of contemplated expenditure as by an increase in the estimated returns from existing taxation.

M. Doumer's final estimates showed cuts in proposed departmental expenditure amounting to 151,000,000 francs, of which 107,000,000 francs were taken off the army estimates, and 25,000,000

Trade With the Near East



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frances off the budget of the Ministry of Health. The Finance Minister also increased the estimated yield from income tax and other sources. By suppressing the existing right of income tax payers to deduct from their current year's income the amount paid in income tax in the previous year, he expects to obtain an additional 200,000,000 francs revenue; a further 191,000,000 francs is expected from an increase in the duty on crude oil, a readjustment of customs duties, and the creation of a right of control over raw materials entering the country. A revised valuation of the probable yield from the tax on excess war profits netted a further 500,000,000 francs. M. Doumer contemplated making up the remaining deficit of 1,625,000,000 francs by an increase in the tax on business turnover from 1.1 per cent. to 1.6 per cent. instead of doubling it as he had originally proposed. The Finance Commission, however, persisted in its view that any increase in taxation at the present moment would be undesirable.

Italy

ECONOMIC REVIEW

A manifest improvement is noticeable in the economic situation, according to Italian Ambassador to Washington, V. Rolande Ricci. It shows that that country is steadily progressing on the road to recovery. The favorable outcome of some of the staple crops is mainly responsible for it.

There has been an increase both in the area and yield of those crops, showing that a greater number of hands have returned to work of an essentially productive character, such as the raising of food crops and of raw materials for the needs of manufacturers. Increases, compared with 1920, of nearly 1,300,000 metric tons in wheat production, of 131,700 in the production of corn and 300,000 tons in sugar beets are among the most conspicuous gains shown in Italian agriculture.

Crops supplying textile materials show either equal or better results than

in 1920. Hemp, with an output estimated at 100,000 tons, records a slight increase in comparison with the previous crop, and likewise silk cocoons from an output of 29,700,000 kilos in 1920 have increased their output in 1921 with a yield of 30,660,000 kilos.

The difficult period which the world's commerce is experiencing because of readjustment in all countries to after-war conditions is not the most favorable for the stimulation of international trade. During the first six months of the current calendar year there has been a slight and inconsequential loss both in total imports into and exports from Italy, the former showing a loss of nearly 542,000,000 lire on a total of about 13,500,000,000 lire, against about 14,000,000,000 lire in the same period of 1920.

Exports have likewise contracted to the extent of about 703,500,000 lire on a total of about 5,333,000,000 lire, against about 6,000,000,000 lire in 1920. Both these losses are, however, more apparent than real, being due rather to the prices of the commodities in the course of after-war deflation than to a contraction in the volume of trade. This is evident from the fact that imports did not show any decrease during the first four months of the year and only with the beginning of summer, when the fall in prices was most noticeable, was the decrease recorded. Likewise exports have indicated such fluctuations as to appear due to the instability of exchange and deflation in values.

State finances, too, are showing a decided improvement. In fact, the deficit, which amounted to about 12,000,000,000 lire in the last fiscal year, will be reduced to about 5,000,000,000 during the current year and to 3,000,000,000 in the following. Efforts will be made to realize further economies in the national expenditures during the coming fiscal year, so that it is confidently expected the deficit will be reduced to a larger extent.

In conclusion, the economic conditions of Italy, considering the difficult times all countries are unavoidably experiencing in the process of reconstruction, appear more reassuring than is generally

thought of by people either not acquainted with the actual conditions prevailing in Italy or with the great constructive and recuperative qualities of the Italian people and the many latent resources of that country.

SAVINGS DEPOSITS

Savings deposits in Italy have shown a remarkable increase in the last seven years, according to a report made public by the Italian Minister of Commerce. The actual total amount is now estimated at 19,000,000,000 lire. Of special importance is the increase of savings deposits reported by the small popular banks and rural banks, as they evidently represent the little savings of working people. These savings have increased from the pre-war figure of 1,300,000,000 lire (June, 1914) to 4,100,000,000 lire on June 30 last.

The Government institution known as the "Cassa Depositi Prestiti" has also shown a continually improving activity. During 1920 the funds available for loans in this institution were 2,180,000,000 lire and the loans made by same to provinces, cities and other public corporations amounted to 1,000,000,000 lire, which for the first eleven months of this year the loans made already passed 1,250,000,000 lire, thus helping a great deal the completion of many public works and bringing relief to unemployment.

The last statement of the Secretary of the Treasury, based on quite conservative estimates with regard to Government revenues, which, however, have an increasing tendency, shows that the estimated deficit in the budget for the next fiscal year may be reduced to two billion lire, representing less than half of the deficit of the present fiscal year and only one-fifth of last year's deficit.

Germany

FINANCIAL AND ECONOMICAL CONDITIONS

The present recovery of the German mark beginning the last day of November, after its long and

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unparalleled decline, has caused a turmoil in German business and manufacturing. The most recent comprehensive statement of present economic conditions in Germany is that contained in the cable message to the Department of Commerce in Washington from Commercial Attache Charles E. Herring in Berlin. The present survey is based almost entirely upon Attache Herring's cable.

The general overpurchasing during the period of collapse has begun to manifest itself. Increased speculation in stocks, which was fostered by loss of confidence in the currency at the time of the drop, has not been entirely obviated by the recovery of the mark, although every effort is being made to restrict it. The basic conditions in public finance remain unchanged, the note circulation still being on the increase with the resultant rise in the floating debt.

Present conditions seem to indicate that the unprecedented drop in the mark beginning in September and con-

tinuing through October and November was greatly influenced by psychological factors and that the drop showed considerable discounting of future conditions. The present recovery is mainly due to the influence of persistent rumors of indemnity postponements and general changes in indemnity payments, combined with the fact that heavy fall buying, especially of food-stuffs and certain raw materials for winter consumption, has fallen off.

NEW ESTIMATES OF 1921 1922

According to the third supplementary budget estimated for the current fiscal year the deficit will amount to 161,500,000,000 paper marks, of which 40,500,000,000 may be ascribed to the railway, post and telegraph deficit and 120,000,000,000 to the reparation payments due by April 30, 1922. This new estimate of the total deficit shows an increase, apart from reparation obligations, of about 50,000,000,000 marks. There still seems but little prospect of an immediate enactment of



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the new tax bill, now before the Reichstag, which provides for an increase of 42,000,000,000 marks. The total yield of taxation for the next fiscal year is expected to be approximately 95,000,000,000 marks.

The public debt of Germany is given as slightly over 330,000,000,000 paper marks. The funded debt, approximately 90,000,000,000 marks, shows a slight advance over the 85,800,000,000 marks stated last April. The interest paid by the Government on this funded debt amounts to an average of $4\frac{1}{2}$ per cent. A large amount of the debt is believed to be held abroad and only recently heavy purchases of Government bonds for foreign account have been noted. The floating debt, of non-interest bearing treasury bills, which are, however, issued to banks at a discount of 4 or 5 per cent., has been lately increased by 9,000,000,000 marks to the total sum of 242,000,000,000. On October 10, 1921, it amounted to 212,000,000,000.

ATTEMPTED CONTROL OF EXPORT PRICES

The constantly growing adverse trade balance and the fear of protective measures abroad has led the German

Government to attempt a new control of export prices in an endeavor to approximate the world level. It will be increasingly necessary to sell a large proportion of the industrial output abroad, especially in the case of the textile, metallurgical, and other industries largely dependent on foreign raw materials. An attempt is being made by the Foreign Trade Office, although without entire success, to compel the payments for German exports to be made in foreign currencies.

Not alone the visible but also the invisible trade balance is adverse to Germany. The carrying charges of its foreign trade are still a heavy debit item and the surplus expenditures of foreigners in Germany is doubtless offset by the heavy expenditures of Germans abroad; German holdings in foreign countries, however, tend to mitigate the effect of the invisible adverse balance.

According to present estimates the wheat crop will amount this year to 2,700,000 metric tons, as against 2,300,000 last year and 4,000,000 in 1913; rye will amount to 6,600,000 tons, as compared to 5,000,000 last year and 10,200,000 in 1913. Potatoes are ex-



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pected to amount to 26,800,000 tons, as against 28,000,000 last year. The sugar production for this year, 1,300,000 tons, is a trifle higher than that of last year, 1,100,000 tons, although below the 1914 figure of 2,600,000 tons. The 1913 figures for the wheat, rye and sugar crops apply to the area now included in Germany plus Polish Upper Silesia.

GROWTH OF THE GERMAN MERCHANT MARINE

The German merchant marine has had a phenomenal growth during the last few months at the present date totaling from 850,000 to 1,000,000 tons; compared with the tonnage of July, 1921, an increase is shown of approximately 250,000 tons. German shipyards are at the present in the midst of great activity, the work being encouraged by governmental action in withholding the indemnities payable to German shipping interests for vessels delivered under the Peace Treaty un-

less new ships are constructed to replace those lost. In spite of the great increase of German shipping it is estimated that 80 per cent. of the country's foreign trade is being carried in foreign bottoms, the American share amounting to approximately 3 per cent. of the total.

A shortage of rolling stock at the present time is seriously handicapping German industry and trade. The shortage of freight cars alone is estimated at about 90,000, which is nearly three times the number actually in use. On October 1, 1921, the number of available freight cars was estimated at 32,000, of which more than 40 per cent. were in need of repair. Freight rates were increased by 30 per cent. on November 1, and again by 50 per cent. on December 1. In addition to this practical doubling of freight rates in such a short period of time, a 30 per cent. increase of passenger rates was put into effect on December 1. The present unsettled state of German railroad af-

fairs has led to a sharp conflict between industrialists and labor unions over the continuation of Government operation of the roads; industrial interests are reported as having made the turning over of railroads to private ownership one of the conditions to their coming to the assistance of the Government in the payment of the impending reparation obligations. At the present moment, however, a compromise is under discussion.

Austria

INDUSTRY AND CURRENCY INFLATION

A huge prospective deficit for the coming fiscal year, a steady increasing paper circulation and an enormous drop in the external value of the crown are the main features in Austria, says a recent cable to the Department of Commerce at Washington from Trade Commissioner William F. Upson at Vienna.

The industries are hampered by the lack of raw materials and coal, and a steady increase in cost of living is raising wages continually, making it impossible for Austrian industries to compete with those of other Central European countries, says the cable.

The question of the Austrian budget deficit for the year 1921-1922 is a difficult one for even the Austrians themselves to solve. On account of the rapidly and unevenly decreasing value of the Austrian currency, a deficit foreseen at a certain time is perhaps totally different when viewed two months hence. On November 8, when the budget figures for the fiscal year 1921-1922 were announced by the Finance Minister, the deficit was given as practically 165,000,000,000 crowns. This estimate is more than three times as large as that made in July, 1921, when it was thought that the expenditures for the present fiscal year would exceed receipts by 50 billion crowns.

WAGES AND EMPLOYMENT

Although wages have continually risen they have not kept pace with the cost of living. The average monthly wage for skilled workmen is now from

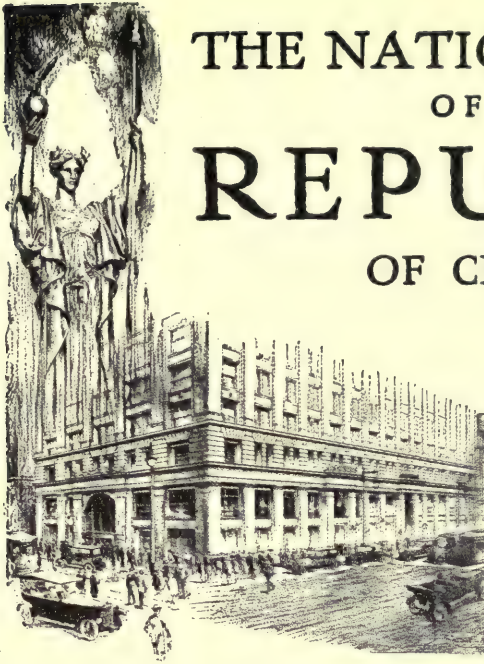
12,000 to 18,000 crowns and a further increase will, of course, be necessary with the discontinuance of food subsidies at the beginning of 1922.

The cost of living has increased in Austria more than in any of the other Central European countries. The index number based on 100 in 1914 rose to 1,788 in 1918 and to 5,570 in 1920. In 1921 it steadily increased and the last available figure for June, 1921, was 11,000. The official index figure published by the Austrian Statistical Bureau for 1921 based on 100 on January 1, 1921, has increased to 578 on November 18.

Official unemployment figures give the number of idle workmen in Vienna on November 15, 1921, as 19,000, although actual unemployment is probably much greater. On October 1, for instance, the actual unemployment was 24,158, showing a slight decrease from the January, 1921, figure of 24,293, and a great decrease from the unemployment of May, 1919, which amounted to 132,000. For purposes of comparison it may be stated that for the first six months of 1921 83 per cent. of idle workmen in all of Austria were to be found in Vienna.

INDUSTRIAL ACTIVITIES AND TRADE BALANCE

Coal shortage, high freight rates, the depreciation of the crown and German competition on the inland market is hampering the Austrian industries. Austria only produces about one-fifth of its necessary coal, and the worthless crown and the high freight rates has made importation almost impossible. The production of coal for the first eight months of 1921 has increased but little over 1920. The production in 1921 was 2,200,000 tons and in 1920 2,100,000 tons. The price of coal has increased considerably, even though the sale is under Government control. The price of controlled anthracite coal on April 1, 1914, was 32.30 crowns per ton. On January 1, 1921, this coal was sold at 4,139.40 crowns per ton and on October 1 it reached 13,003 crowns per ton. The iron and steel industry is naturally also hampered on account of the coal



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shortage. Some German coke has been imported and the Alpine Works have been producing 70 to 80 carloads daily, but since August this amount has decreased. The paper industry is one of the few in Austria which today is working almost at normal. At the present time there are 42 paper factories producing 187,000 tons of paper annually, and 74 wood pulp factories producing 120,000 tons of cellulose and 150,000 tons of pulp annually. The leather industry has regained about 35 per cent. of its pre-war activity. The textile industry has recovered very little and only about 10 per cent. of its pre-war activity has been reached. Austria is not in a position to supply her own home demand for textiles.

FOREIGN TRADE

The foreign trade of Austria shows an increase in both imports and exports for the first half of 1921 over the same period of 1920:

Imports—First half 1920, 2,066,000 tons; first half 1921, 3,800,000 tons. Exports—First half 1920, 222,400 tons; first half 1921, 700,000 tons.

CROPS SHOW INCREASE

The main crops in Austria show a considerable increase over the 1920 production, only potato stocks are low and importation of potatoes is necessary for the coming year. The following table shows the yield of chief grain crops in the last two years:

Metric Quintals

	1920	1921
Wheat	1,476,000	2,108,000
Rye	2,551,000	3,981,000
Barley	956,000	1,435,000

Holland

THE INDUSTRIAL SITUATION

In a review of the events in the industrial world during the last months, says the *Import and Export Trader*, a Dutch weekly of commerce and economics, the fact which claims attention is the still considerable, and in some cases even increased, depression which a number of firms and various branches are feeling to its full extent.

Besides being ascribed to various factors, such as economy in giving orders owing to diminished purchasing power, uncertain prices or decreased demands, due for instance to slackness in customers' business, the slump is often put down to foreign competition, against which, in the circumstances at present prevailing, it is impossible to contend. The grave difficulties involved at the same time by the question of the rates of exchange are also insisted on, and employers complain bitterly of the application of the new labor act. There were, however, a few bright points, and the considerable improvement in various branches of the textile industry is to be ranked first in this respect.

In order to meet foreign competition in view of the slump still prevailing, we see efforts still being continuously made to reduce the costs of production by lowering wages. Up to the present a general reduction of wages has, however, only been carried through in a few industries, mining affording the most important example. The decision of the employers to reduce wages by 10 per cent. to 15 per cent. in the engineering trade has led to a strike which is still on.

Business was still bad in the case of the earthenware industry in and around Maastricht owing to the continued competition with countries with a low rate of exchange. The glass industry as a whole presented a very gloomy picture with few bright spots. The situation of the bottle works is quite unsatisfactory, but in the manufacturing of bulbs for electric lamps there was some improvement. The same can be said of the window glass works at Maassluis, where business is kept going, thanks to the extraordinary equipment.

It is true that some improvement has occurred in the very unsatisfactory condition of the diamond industry so that unemployment figures dropped to a not inconsiderable extent, but at the end of September they were still extremely large.

In spite of an increase in work in a few cases, and the not unsatisfactory business in a number of branches, the

chemical industry as a whole was in an anything but encouraging position.

There has not been any very serious unemployment in the various branches of the leather industry, especially of the principal ones. Although complaints were made as regards tanneries, inter alia as to foreign competition and the adverse influence of the dry weather on the consumption of sole leather, a definite slump is only recorded in some cases. The boot and shoe industry has on the whole been working satisfactorily, although complaints of German competition were made.

Spain

ECONOMIC CONDITIONS

Tariff and labor difficulties are proving effectual barriers to the normal recovery of trade and industries, says a cable to the Department of Commerce at Washington from Commercial Attache Cunningham at Madrid. According to the cable, foreign trade continues to show an unfavorable balance, and the total volume of trade is decreasing. Higher import duties contemplated in the new tariff schedule will especially affect certain American exports. Increased taxation for the purpose of meeting the larger budget estimates of the 1922 fiscal year is probable.

The Spanish budget estimates for the coming fiscal year show an increase over those for the present year, and it is probable that the present Cortes (Congress) will enact new tax measures to meet the increase.

The banking situation is somewhat unsettled due to the reaction of the recent project for reorganization of the Bank of Spain, which makes uncertain, pending final legislation, the future relations of the Bank of Spain with private and foreign banks. Exchange registered a slight improvement during the past month, having closed at \$0.1386 to the peseta. Very little foreign capital is being invested, hesitation being chiefly due to unfavorable laws and taxation.

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FOREIGN TRADE IS DECLINING

Both imports and exports are decreasing. Imports during October totaled 87,800,000 pesetas and exports 82,900,000 pesetas, as compared with the September figures of 95,750,000 pesetas for imports and 89,000,000 for exports. The trade balance is reported to have continued unfavorable for November. Imports of cotton, British coal, fertilizer and food products have shown a notable increase, while tobacco imports have decreased. Exports of nuts, raisins and grapes have been fairly large. Increased seasonal exportation of horticultural and viticultural products have caused a certain amount of activity in shipping. Stocks of bunker coal are above normal.

Labor trouble in the iron mines and blast furnaces of northern Spain have caused a serious loss of foreign markets, and grave consequences are feared from the threatened dumping of British coal which cannot be absorbed under the present industrial conditions. The demand for machinery and automobiles is

dull owing to the overstocked condition of the markets and to the fact that there is a general inclination to await permanent tariff arrangements.

Mr. Cunningham states that intelligent co-operation on the part of American exporters will be necessary to meet the higher rates contemplated in the new Spanish tariff. As the new rates will probably go into effect about January 1, all outstanding orders should be on the high seas before that date. Increased duties are proposed on a large number of American export products, including all kinds of petroleum, cinematograph films, typewriters, electrical goods, food products, sugar and coffee. Reductions in the duties on automobiles and meat products are contemplated. England, France and Norway have threatened retaliatory increases in their duties on oranges, citrus fruits and wines.

COST OF LIVING

The cost of living is increasing, although lower prices for staples are predicted. Prices of olive oil, olives,

wines and fruits are generally lower than those prevailing a month ago, while prices of textiles and preserved and dried fruits have increased. Higher prices for wheat and flour will undoubtedly result from the import prohibitions recently applied to those commodities.

Wage disputes are causing increasing unrest and strikes in the mines, metallurgical plants, railroads and paper mills. Railroads are congested owing to seasonal shipments of grains, fertilizer and coal, and railway repairs and maintenance continue to be inadequate. The construction of subways in Madrid and Barcelona are the chief building activities at present.

Roumania

EXPORTS INCREASE

During the period from January to October, 1921, Roumania exported more than twice as much as it exported during the same period of 1920, the aggregate amount of metric tons for exports of grain, oil and timber reaching 1,638,845, as against 790,552 during the same period of 10 months in 1920.

The export of oil from Roumania has been steadily increasing. During the month of October 4,817 tank cars (73 barrels to one Roumanian tank car) of petroleum and its derivatives were exported. This is one-fourth of the entire amount exported during the preceding 9 months of 1921, which totaled 18,550 tank cars.

Of this quantity England received 618 tank cars; France, 722; Italy, 1,620; Turkey, 520; Egypt, 580. The rest being taken by the countries bordering on Roumania.

During the period from January to October, in 1921, 1,295,660 metric tons of grain were exported, as against 531,278 for the same period in 1920.

In 1921 for the period from January to October 86,675 metric tons of timber were exported, as against 45,085 for the same period in 1920.

Jugoslavia and Bulgaria

THE CURRENCY SITUATION

The Serbian dinar, which was worth about \$.027 at the beginning of July, fell to a minimum of about \$.011 early in November and has since risen to about \$.016. The issue of paper money, which was taking place rapidly during the summer and early fall, has temporarily been checked, but a permanent balancing of the budget must await further legislation. The Government has expressed a firm determination to reduce expenditures and increase taxation. An internal loan of 500 million dinars was subscribed to the extent of about three-fifths to the general public and the remainder will be taken by the local banks which underwrote it. Efforts are being made to place a foreign loan of 500 million francs, especially for repair and construction of railroads.

The Bulgarian currency has been much more stable than that of the other Balkan States mentioned. The country is less dependent upon foreign trade than Roumania. There is a considerable degree of stagnation in industry and commerce, but the agricultural situation is considered more satisfactory.

Australia

TRADE IMPROVEMENT

Economic conditions continue to show a gradual improvement as a whole, so that now a general feeling of renewed confidence has been established, says Trade Commissioner Sanger at Melbourne in a cable to the Department of Commerce at Washington. The statistics of foreign trade for each of the last few months have shown the value of exports to be appreciably larger than the value of imports, and the resulting credits abroad have brought relief to the exchange situation, which was so unfavorable a few months ago. The sharp advance in the exchange rate during the first part of December, resulting in the rate of \$4.15 on December 15, compared with \$3.98 on November 15, has also been helpful, though the corre-

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Shanghai: Bank of Canton, Ltd.

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sponding increase in the London sterling rate deprives Australians of any advantage from this factor in purchasing from England or in paying their obligations to that country, although it does tend to encourage purchases from the United States.

The discount rate on first class commercial paper remains at 6 to 7 per cent. and the rate on overdrafts at $6\frac{1}{2}$ to $7\frac{1}{2}$ per cent. The demand for loans has been increasing, but the banks have been slow to extend accommodations owing to a doubt as to whether the liquidation of stocks of merchandise and of prices had proceeded far enough to warrant such action. Furthermore, both checking and savings deposits in the banks have still been decreasing, but as this is to some extent a seasonal phenomenon, it is expected that these deposits will begin to increase after the beginning of the new year.

Considerable liquidation has already been accomplished, for not only has there been a reduction of stocks of both export and import commodities but there

has been a reduction in the price levels of both as well, though many are of the opinion that the deflation must be carried somewhat further. During October the general price level declined very appreciably, the general wholesale price index being 1,561, compared with 1,602 for the preceding month, and with 2,147 for October, 1920. This indicates the resumption of the decline, which was checked after reaching 1,589 for July, 1921. These numbers are based upon the prices of July, 1914, equaling 1,000. The cost of living, based upon a more restricted list of commodities than covered by the above index number, also declined 3.1 per cent. during October.

IMPORTS STATIONARY

According to foreign trade statistics just made available, the value of Australian exports during October again recorded a gain over the preceding month, the value being £9,610,000, as against £9,080,000 during September. Imports during October, valued at £6,-

900,000, were only slightly larger than the £6,790,000 during September. For the four months ended October 31 exports have totaled £35,324,000 this year, compared with £38,424,000 last year, while imports for the same period totaled only £28,448,000 this year, against £56,843,000 last year. Thus for these four months there has been an excess of exports of £7,181,000 this year in place of an excess of imports of £18,419,000 last year.

While import stocks are generally somewhat larger than they were last year at this time, nevertheless there are encouraging signs that buying is being resumed.

The participation of the United States in Australia's October trade was very unsatisfactory. Australia's imports from and exports to the United States during October, however, were both disappointingly small, each being less than half the value recorded during the preceding month, which were also low. October imports from America were valued at £749,000, against £1,560,000 for September, and October exports to America were £151,000, against £372,000 for September.

The revised Australian tariff bill has been finally ratified. The bill, as originally introduced in March, 1920, imposed considerably increased duties on foreign products for the purpose of protecting the industries established in Australia during the war, and to encourage others that seemed desirable for the Commonwealth.

An innovation was the provision for an intermediate set of rates between the general rates and those granted to British goods, which would be extended to countries offering reciprocal concessions. The changes in the bill made during its discussion in Parliament were material and, in many cases, moderated the advances originally proposed.

NOVEMBER BUSINESS LESS

Bank clearings indicate decreased business activity during the four weeks ended December 5, for which period Melbourne Bank clearings amounted to only £43,000,000, as compared with

£55,000,000 for the preceding four weeks period, and with £54,000,000 for the corresponding weeks last year. Bank clearings in Sydney amounted to £51,000,000 between November 7 and December 5, compared with £55,000,000 for the corresponding period last year and with £68,000,000 for the four weeks ended November 7, 1921. From January 1 to December 5, 1921, Melbourne clearings totaled £564,000,000 and Sydney clearings £658,000,000, which are decreases of £114,000,000 in the case of Melbourne and £52,000,000 in the case of Sydney, from the clearings recorded during the corresponding period last year.

The Commonwealth Arbitration Court has refused the demand of the labor unions for a reduction of the working week to a 44-hour basis. Strikes and labor unrest generally seem to be decreasing, but in the face of indications that unemployment is increasing 350 Italians have recently arrived to work on the Queensland sugar cane plantations. In view of the three year Government guarantee, made in March, 1920, of £30 6s. 8d. for all Queensland raw sugar, no doubt the planters will endeavor to make the next sugar cane crop a record one.

Although there has been a reduction of from 10 to 25 per cent. in the freight rates to Europe the demand for cargo space continues dull. It is understood that the Government has decided to retain possession of its merchant marine.

China

FINANCIAL SITUATION

The financial situation has improved somewhat from what it was a month ago, but while the Bank of China and the Bank of Communications have resumed payments the condition of these banks, of course, still remains weak, according to a cablegram to the Department of Commerce at Washington from Commercial Attache Julean H. Arnold at Peking. Furthermore, the new stock and produce exchanges are involving investments of about \$200,000,000 Mex., which seriously affected

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Antwerp Branch: 22 Place de Meir

Lisbon Branch: 32 Rua Aurea

(\$5=£1.)

CAPITAL (Authorized)	- - - - -	\$20,000,000
SUBSCRIBED CAPITAL	- - - - -	15,000,000
PAID-UP CAPITAL	- - - - -	10,200,000
RESERVE FUND	- - - - -	10,500,000

DIRECTORS.

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ARGENTINA:—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahia Blanca, Concordia, Tucuman, Cordoba, Parana. Also in Buenos Aires:—Barracas al Norte, Once, Boca, Calle Santa Fe 2122 and Calle B. de Irigoyen 1138. **CHILE:**—Valparaiso, Santiago, Antofagasta. **UNITED STATES OF COLOMBIA:**—Bogota. **PARAGUAY:**—Asuncion.

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the financial situation, since this money is diverted from the trade channels. However, speculation is decreasing somewhat and both the bank discount rates and the native interest rate for call (chop) loans are lower and money is easier than a month ago, at which time the rates were abnormally high.

The banks' buying rate for \$1 gold advanced from \$1.79 Mex. on November 15 to \$1.83 Mex. on December 15, which compares with \$1.92 Mex. a year ago. The telegraphic transfer rate on New York for the Shanghai tael is \$0.71, compared with \$0.74 a month ago. The Shanghai silver stock on December 15 was equivalent to \$58,000,000 Mex., a gain of \$2,000,000 Mex. over the stock on November 15, but considerably below the \$72,000,000 Mex. on hand December 15, 1920.

Cuba

FEDERAL RESERVE NEEDED

Need for the creation in Cuba of a Federal Reserve system or an auxiliary

system of the one operative in the United States was stressed by James Speyer of Speyer and Co. upon his return from Cuba recently. Mr. Speyer stated his belief that the country should practice economy in public affairs. He urged the adoption of a generous policy toward that island by the United States and expressed his confidence in President Zayas. Admitting that the island at present is in a wave of financial depression, Mr. Speyer expressed the belief that a return to normal conditions was only a matter of time. Mr. Speyer said:

"Cuba is passing through a period of financial and economic depression. The public treasury as well as many banks and mercantile concerns find it difficult to meet their obligations. This crisis is principally due to two causes. First, to the very great extravagance and wastefulness with which public affairs have been managed during the last few years, before President Zayas took office. This seems to be one of the curious consequence of the war, which almost

every country has experienced to a certain degree. Second, the effect of this improvidence is aggravated by the low price of sugar, the island's principal product, following a period of extraordinarily high prices during the war, for which enormous speculation and gambling, not only by Cubans, is responsible.

FAVORED ISLAND

"Cuba always has been and still is an island much favored by fertile soil, splendid climate and topography and with abundant population. It is therefore only a question of time when the little republic will return to its normal condition. This will depend largely on proper economy in public affairs, as neither the gross nor the net revenues have been, or are, what they should be under proper management. But we must not forget that the Cubans have not yet been taught to save and have only had self-government for a little while. It takes more than one generation to create and maintain efficient self-government, especially under the conditions prevailing there.

"It is a remarkable fact that Cuba has no paper money, and no bank notes except our own and that she has not resorted to the printing presses and inflation to ease conditions. One thing the country needs is either an auxiliary of our Federal Reserve system or a Federal Reserve bank of its own similar to our system. If the latter should be established it must be very strictly safeguarded and certainly supervised by men who are independent of political or local influences.

ENTRANCE INTO WAR

"Cuba entered the war against Germany at the same time that we did and received from our Government a credit of \$15,000,000. Of this, I am told, it only took \$10,000,000, and they have just repaid an instalment of \$625,000, for interest and sinking fund, which I think is quite a unique thing in comparison with our other foreign debtors.

"It is very much to be desired that during this temporary crisis we pursue a consistently firm but generous policy

toward the Island Republic, not only in their interests but in our own, because Cuba is a very good customer for our manufactured goods. Furthermore, whatever policy we pursue toward Cuba will have far-reaching consequences in our political and business relations with all Central and South American countries. I found President Zayas a man who seemed animated by the best intentions. He also seemed to realize that what his country needs most just now is not so much a large foreign loan, but that the remedies for the present 'hard times' rest largely with her Government and her citizens."



International Banking Notes

The total value of gold and silver imported at the port of New York last year was \$606,087,531 as compared with a total of \$365,566,568 the year before. The export of domestic gold and silver totaled \$10,016,800 as compared with \$126,655,816 in 1920. The export of foreign gold and silver amounted to \$11,261,441 as compared with \$3,571,468 in 1920.

The heaviest month of imported gold and silver was last August, when it totaled \$83,821,380. The heaviest month for exports was last January, when it totaled \$1,703,545. Last month the exports only reached \$116,000 of domestic and \$450,000 of foreign gold and silver.



Analyzing the composition of its enormously increased loans and discounts during the last year, the National Bank of Poland shows that private loans and discounts have played a very small part in the increase. Between the end of last July and the end of October private loans at the bank increased from 8,800,000,000 Polish marks to 21,500,000,000, whereas advances to the Government rose 140,600,000,000 to 198,500,000,000.



At the annual general meeting of the proprietors of the Royal Bank of Scotland, on Wednesday, November 30, 1921, the statement of the bank's condition at the end of the year ending October 8, 1921, showed that the net profits of the year, after providing for all bad and doubtful debts, amounted to £377,500 17 0. This sum has been distributed as follows: To the midsummer dividend, at the rate of 10



Svenska Handelsbanken
STOCKHOLM

Own Funds: Kr. 181,000,000

but silver holdings rose from 7,106 lakh of rupees to 7,996.

An interesting occurrence of recent date was the reported conclusion of an agreement with Russia by the German East European Credit Bank to buy 20,000,000 marks worth of German goods. Russia is to pay a comparatively small sum in cash while the bank will finance the remainder against Russian bills running up to eighteen months.

The provisional foreign trade report of Germany for October shows imports valued at 13,900,000,000 paper marks against exports of 9,700,000,000. The resultant import excess of 4,200,000,000 compares with 3,200,000,000 in September.

The Ekonomicheskaya Zhizn of Moscow published at the end of October some figures regarding gold and paper currency in Soviet Russia which purported to be official. The amount of gold rubles held by the State was 91,000,000. The issue of paper rubles, which was 1,630,000,000 when the war broke out, had reached 27,300,000,000 at the end of 1917 and 61,300,000,000 at the end of 1918. The year 1919 brought the

The revenue bill sent to the French Senate at the close of the year provides for an expenditure of 25,140,913,642 francs, and a revenue of 24,827,782,047, leaving an estimated deficit of 313,131,595. In the discussion of the bill, it was asserted that the estimated deficit might be expected to disappear owing to reduction in public expenditure following the anticipated reduction of the number of minor public officials by 50,000.

Between the middle of the year and the end of October the reserve of silver and gold held against the note circulation of the Indian Government rose from 55.6 per cent. to 58 per cent. Gold holdings had practically not changed at all during this period.

total to 225,000,000,000, and at the end of 1920 the outstanding amount was 1,168,600,000,000.

In October of this year, according to the same newspaper's statement, prices in Moscow were 48,600 times higher than in 1914 and in Russia at large were 52,800 times higher. The Bolshevik editor took the ground that because of the great fall in the value of paper money the present amount afloat in Russia is insufficient for the normal trade requirements of the country. He estimated the country's absolute needs for currency as 44,500,000,000,000.



New Capital Issues* in the United Kingdom by months.

(Compiled by the London Joint City and Midland Bank, Limited.)

	1920	1921
Jan.	£42,446,210	£22,468,915
Feb.	35,213,793	10,362,523
Mar.	69,355,644	25,518,471
Apr.	45,795,840	14,764,670
May	20,860,980	17,187,148
June	27,559,699	33,918,846
July	43,422,343	†7,352,604
Aug.	9,855,340	†3,058,511
Sept.	20,064,482	†9,951,476
Oct.	28,152,110	†33,358,634
Nov.	33,021,283	18,500,630
11 mos.	375,747,724	196,442,428
Dec.	8,463,094	—
Year	384,210,818	—

* Excluding, British Government Loans raised directly for national purposes.

† Revised.



A record year in deposits is reported by the Christiania Sparebank, of Christiania, Norway, according to a cablegram received by the Irving National Bank of New York from A. E. Lindhjem, its correspondent in Scandinavia. The despatch says that the deposits of the Sparebank, which is the oldest and largest savings institution in Norway, have increased, in the year just closed, from 252,000,000 crowns to 308,000,000 crowns, a growth of more than 22 per cent. The Sparebank has sixteen branches in Norway.



At the fifty-ninth ordinary meeting of the share-holders of the London and River Plate Bank, Limited, held on December 20,

1921, a dividend of six per cent. was declared. The report of the bank's condition for the year ending September 30, 1921, showed that the balance available, after making ample allowance for bad and doubtful debts, income tax, and £106,782-8-6 rebate on bills not due, including £318,140-1-5 brought forward from last year, amounted to £722,324-10-9. The following distribution has been made of this sum:

	£	s.	d.
To six per cent. dividend, subject to income tax, making with £122,400 0s. 0d., the interim dividend paid in June last, a distribution of twelve per cent. for the year on the paid-up capital of the bank	122,400	0	0
To contingency reserve account. 160,000 0 0	160,000	0	0
To be carried forward	317,524	10	9

The depreciation in the capital employed abroad is more than covered by the balance carried forward.

A Branch has been opened in Antofagasta (Chile), and branches in Rivera (Uruguay) and Medellin (Colombia) will be opened shortly.



At the annual general meeting of the share-holders of the Commercial Bank of Scotland, Limited, of Edinburgh, Saturday, December 17, 1921, the statement of the bank's condition for the year ending October 31, 1921, showed that the net profit for the year, after providing for rebate of discount and interest and for all bad and doubtful debts, amounted to £341,896-8-11; added to which the balance of profit from last year of £52,171-1-9, made a total of £394,067-10-8. This sum was distributed as follows:

	£	s.	d.
To payment of half-year dividend in July, on the "A" shares at the rate of 14 per cent. per annum, under deduction of income tax	61,250	0	0
To payment on the "B" shares at the rate of ten per cent. per annum, under deduction of income tax	17,500	0	0
To a dividend for the second half-year on the "A" shares at the rate of 14 per cent. per annum payable on January 3, under deduction of income tax	61,250	0	0
To a dividend on the "B" shares at the rate of ten per cent. per annum payable on January 3, under deduction of income tax	17,500	0	0
To a bonus of one per cent. for the year on the "A" shares, also payable on January 3, under deduction of income tax	8,750	0	0
To addition to the reserve fund. 125,000 0 0	125,000	0	0
To officers retiring allowances fund	25,000	0	0
To reduction of the cost of the bank's properties	20,000	0	0
To be carried forward to next year's account	57,817	10	8

All the investments of the bank are valued in the balance sheet at or under the prices ruling at October 31 last.

The directors are gratified that the fav-

ourable results of the business of the year enable them to recommend payment of a bonus of 1 per cent. on the "A" shares, in addition to the dividend of 14 per cent. per annum, and to make the substantial addition of £125,000 to the reserve fund.



At the annual general meeting of proprietors of the National Bank of Scotland, Limited, of Edinburgh, the statement of the bank's condition showed that the net profit for the year ending November 1, 1921 amounted to £285,457-13-3; added to which the balance of £64,203-2-11; brought forward from last year, makes a total of £349,660-16-2. This amount has been distributed as follows:

To the payment of a dividend at the rate of 16 per cent. per annum, £176,000, less income tax, £52,800	£123,200	0	0
To the heritable property account	20,000	0	0
To the officers' pension fund ...	25,000	0	0
To the bank's annuity fund ...	15,000	0	0
To the reserve fund	100,000	0	0
To be carried forward to next year	66,460	16	2

The dividend will be paid to the proprietors in equal parts on January 10 and July 11 next.

All depreciation in the value of the investments held by the bank has been provided for.

The bank's reserve fund is now £1,100,000, exclusive of £123,200 set aside to meet the dividend now declared and £66,460, 16s. 2d. carried forward.



Lloyds Bank, Limited announces that, after payment of salaries, pensions, staff bonuses and allowances, other charges and expenses, and the annual contribution to the provident and insurance fund, and making full provision for rebate, income tax, corporation profits tax, bad debts and contingencies, the available profit for the past year is £2,529,124. To this has to be added £543,864 brought forward from the previous year, making a total of £3,072,988.

Out of this total, an interim dividend of 1s. 8d. per share, being at the rate of sixteen and two-thirds per cent per annum, and amounting, less income tax, to £838,422, was paid for the half-year ended the 30th June last; £200,000 has been applied in writing off the bank purchase account; £250,000 has been placed to the bank premises account; £200,000 to income tax reserve; £100,000 to the staff widows and orphans fund and £100,000 to the pensions fund.

After making these appropriations, there is a balance of £1,384,566 remaining. A dividend at the same rate, amounting, less

income tax, to £838,422, will be paid for the past half-year, leaving about £546,144 to be carried forward to the profit and loss account of the current year.

The available profit for the previous year was £3,237,742, to which was added £505,420 brought forward, making a total of £3,743,162. Out of this, £1,649,298 was paid in dividends (at the same rate), £250,000 was written off the bank premises account, £50,000 allocated to the widows and orphans fund, £1,250,000 placed to the special contingency account for writing down investments, and £543,864 carried forward.

COMPARATIVE STATEMENT

	1921 £	1920 £
Profit	2,529,124	3,237,742
Brought forward	543,864	505,420
Total available	3,072,988	3,743,162
To dividend (sixteen and two-thirds per cent.) ..	1,676,844	1,649,298
To bank purchase account ..	200,000	
To written off bank premises	250,000	250,000
To income tax reserve acct. ..	200,000	
To widows and orphans fund	100,000	50,000
To pensions fund	100,000	
To special contingency account for writing down investments		1,250,000
Carried forward	546,144	543,864



The Skandinaviska Kreditaktiebolaget, of Stockholm, Sweden, has reported a profit in 1921 of 18,703,569 kronor, after writing off 20,555,335 kronor in bad debts and investments in shares, according to a cablegram received by the Irving National Bank, of New York, from A. E. Lindhjem, its representative in Scandinavia. The bank declared a dividend of 17.6 per cent. or 25 kronor a share. The Skandinaviska Kreditaktiebolaget is one of the strongest banks in Scandinavia. It was established in 1863 and operates 110 branches in Sweden.



Equitable Eastern Banking Corporation Re-elects Directors

T the annual meeting of stockholders of the Equitable Eastern Banking Corporation, held on January 10, at 37 Wall street, New York, all directors were re-elected for the ensuing year. The board consists of the following members: Winthrop W. Aldrich, Howard E. Cole, Heman Dowd, John S. Drum, Richard R. Hunter, Alvin W.



GEORGE LeBLANC

President The Equitable Eastern Banking Corporation

When Mr. LeBlanc joined the Equitable seven years ago, the foreign department was but a minor division of four men. Today the foreign department has a staff of over 300. Its branches are operating in London, Paris and other foreign centers, and its local representatives are located in some of the principal business centers of the United States.

Mr. LeBlanc was born in Montreal, Canada. He graduated from a local high school, and at the age of twenty was appointed cashier and acting agent of the Canadian, American and National Express Companies at Ottawa.

Shortly after this, he accepted an attractive offer from the American Express Company. He quickly demonstrated his ability in the foreign accounting department of that organization, being appointed assistant manager and later manager of the department. He acted in the latter capacity for two years. His success did not pass unnoticed in Wall street and many flattering offers came to him. The Equitable was finally successful in securing Mr. LeBlanc's services, and in April, 1914, he became manager of the foreign department.

Two years later, on October 18, 1916, he was appointed a vice-president of the company. Upon the formation of Equitable Eastern Banking Corporation, during the early part of 1921, he was made president of that organization, which is a subsidiary of the Equitable Trust Company of New York.

Krech, George L. Le Blanc, John D. McKee, Emery Olmstead, Enrico N. Stein and A. J. Waters.

The Equitable Eastern Banking Corporation shows a strong position maintained during the year 1921, the first year of its existence. The Corporation,

a subsidiary of the Equitable Trust Company of New York, was organized on January 1, 1921, with a capitalization of \$2,000,000 and a surplus of \$500,000.

The statement of condition at the close of business December 31, 1921, shows undivided profits of \$248,287 accumulated during the year in addition to \$120,000 in dividends paid in 1921. The capital, surplus and undivided profits of the corporation are \$2,748,287 and its total resources \$5,291,568.



Believes Interest Will Be Revived in Foreign Trade

Dr. W. F. Gephart, vice-president of the First National Bank in St. Louis, in addition to his other duties, has been placed in charge of the foreign department of that institution, it was announced recently. Financial circles see in the announcement an indication that the First National Bank believes that foreign business will take a larger place in its affairs.

Dr. Gephart believes there will be a marked revival of interest in foreign trade, notwithstanding some of the discouraging aspects of the situation at present. As shown in his recent studies of the Middle West and foreign trade, he is of the opinion that St. Louis and its tributary territory will, in due time, be very much interested in export and import trade, especially with many of the countries in Central and South America. Through the development of transportation to the South, and the prospective construction of improved trade routes through the Great Lakes and the St. Lawrence, it is Dr. Gephart's belief that this Mississippi Valley region will occupy a more important place in trade with the older centers of foreign marketing in Europe.

Dr. Gephart took an important part in the London conference of the International Chamber of Commerce last summer and is a member of several important committees of that body.



Svenska Handelsbanken (Swedish Bank of Commerce), Stockholm, Sweden

Svenska Handelsbanken Reaches Half Century Mark

DURING the fifty years that have elapsed since the foundation of the Svenska Handelsbanken—the (the Swedish Bank of Commerce), Stockholms Handelsbank under a somewhat altered name and style—the course of its career shows a noteworthy and varied development. This development coincides closely with the extensive reorganization in the social structure of Swedish life involved in the transition to modern industrial conditions and is not without a more general interest, for it is generally true that every important credit institution must closely reflect in its work the dominant features of the contemporary economic life of a country. In the case of the Stockholms Handelsbank — Svenska Handelsbanken this truth is especially illustrated.

Stockholms Handelsbank commenced its operations at the beginning of a new era in the economic life of Sweden. During the quarter-century immediately preceding, old forms had been swept away by foreign influences and the con-

sequent domestic changes, and new conditions had been created.

On the first of July, 1871, Stockholms Handelsbank, (Stockholm's Bank of Commerce), opened its doors to the public, occupying rooms on the first floor of a market place in the old part of the city. The staff consisted of the managing director, eight assistants, two messengers, and a porter.

During the following few years frequent extensions were made, so that eventually nearly the entire building was occupied by the bank, and by 1892 three branch offices had been opened in various parts of Stockholm.

The Handelsbank started with a paid up capital of one million kronor, as only half of the originally subscribed two million was called up in cash, while the other half was covered by the subscribers' notes of hand.

Within a short time of its founding the question arose whether the Handelsbank should limit its operations to those which could be performed from and within the capital, or whether it should



Main hall at the head office, Stockholm

establish its own branch offices at suitable points in the country.

This question came to a head in 1874, during which year it was decided to open a branch office at Jönköping, the home of the Swedish match industry. The Jönköping branch was opened in November, 1874.

Although this branch justified itself, the difficulties arising out of banking conditions in those days, and the general trade stagnation in the latter half of the seventies, led the board to refrain from establishing any other branches.

The Handelsbank received a favorable start in times which were universally good for business operations. The shareholders under these conditions received an excellent dividend. For the year 1872 a dividend of ten per cent. was paid on the paid-up capital, and for the year 1874 the dividend was as high as fifteen per cent. It was under such favorable circumstances that the share capital of the bank was doubled in June, 1873.

With the fifteen per cent. dividend

for the year 1873, the bank reached a high-water mark to which it did not return until thirty-three years later. Between these two points of time there are two very sharply defined phases in the history of the Handelsbank: first a period of retrogression up to the years 1893-94, and then, from that period on, steady and increasing progress.

After two and a half years of rapid success, the Handelsbank underwent a period of severe strain, with one stroke of bad luck following closely upon another. In this respect the period from the beginning of 1874 up to, and including, the financial crisis of 1878, marks a phase by itself. By 1873 the total resources of the bank reached the sum of 15.58 million kronor, which dropped, in the three succeeding years, to 12.78 million kronor.

The years 1874-1876 showed a very marked set-back, but with the year 1877 began an upward movement, which, in spite of the prevailing economic depression for the first few years, nevertheless continued right up to 1885. The new period of depression, which as



CARL FRISK

Managing Director Svenska Handelsbanken

Mr. Frisk was born in 1865. He completed his law studies at the University of Upsala, and financial studies at Paris and London 1887-90. He was a member of the board of directors and cashier, Stockholms Intecknings Garanti Aktiebolag, 1896-1900; a member of the board of directors, Stockholms Enskilda Bank, 1901-11; cashier, 1901-07; vice managing director, 1907-11. He became vice managing director of the Handelsbank in 1911, and has been managing director since 1912.



MAUR. PHILIPSON

Vice-managing director Svenska Handelsbanken

Mr. Philipson was born in 1871. He studied banking in Dusseldorf, London and Paris and entered the Handelsbank in 1896. He became assistant managing director in 1900, a member of the board of directors in 1909 and has been vice managing director since 1912.

early as 1883 first became noticeable, had in 1886 and 1887 a greater effect on the Handelsbank than on the banks in general, and the financial loss which the bank sustained in the latter year caused the confidence of the public to be shaken; nor was it restored until some years afterwards.

In April, 1893, Louis Fraenckel, a prominent Stockholm private banker with his own firm, Louis Fraenckel and Company, was induced to become managing director of the Handelsbank, turning over his private banking interests to the bank at the time of his acceptance and election.

In 1896 Fraenckel arranged through a syndicate for the formation of a new bank, with a share capital of five million kronor, to be known as the Aktiebolaget Skanska Handelsbanken, and to

be virtually controlled by the Stockholms Handelsbank. The success of this operation, and the headway which the banking business was making were so marked that Fraenckel carried through a scheme for co-operation with institutions in Sundsvall and Gothenburg along lines similar to those followed in the founding of the Skanska Handelsbanken.

The share capital of the Stockholms Handelsbank remained unaltered at four million kronor from 1881 until the year 1897, at which time it was increased by a new issue. The total resources of the bank grew, between 1893 and 1899 from 22.37 million kronor to 41.34 million kronor, an amount nearly double, and the bank absolutely needed an increased personnel and better accommodation.



Board room at the head office, Stockholm

In view of this marked increase in capital, after the year 1893, and the need for increased banking facilities, the Handelsbank moved in 1896 to newly acquired premises at 8 Arsenalsgatan. Later on in the same year the bank opened a special trust department. It became evident, however, that the development of the Handelsbank was becoming so rapid that its administrative requirements could not be properly provided for unless a building especially adapted to its needs were acquired. In order to prepare for such an eventuality a sum of one hundred thousand kronor was set aside by the company meeting of 1899, and placed to the credit of a building fund.

In 1893 the paid-up capital of the Handelsbank was increased to nine million kronor, and the reserve fund to over seven million and a half. By the year 1906 the bank's paid-up capital had grown to fourteen million kronor and the reserve fund to fifteen million kronor. In 1910 the paid-up capital was increased to twenty-one million kronor, and the reserve fund to twenty-two million.

The agreements which Stockholms Handelsbank had made with Goteborgs Handelsbank and Sundvalls Handelsbank were cancelled in 1903, and the corresponding agreement with Skanska Handelsbank was annulled in 1906. In 1905 an agreement was made by Stockholms Handelsbank with the banking firm of Julius Geber by which the latter was to turn over its well-known business to the Handelsbank at the beginning of the following year. The bank thereby gained advantage of that firm's foreign exchange organization which had been worked up to a high standard.

From the beginning of 1907 the Handelsbank was working, in respect of important bond transactions, in regular co-operation with seven provincial banks. As a rule it was the Stockholms Handelsbank which carried through the transactions and shared with them in the combine.

During the first few years of the twentieth century, which were altogether favorable, the Handelsbank was able to pay its shareholders increased dividends. At about this time a particularly active part was taken by the



Managing directors' reception room

Handelsbank in negotiating a long succession of important loans both in Sweden and in other northern countries.

The stability of Stockholms Handelsbank underwent a severe test when, during the first decade of the new century, the period of prosperity was suddenly interrupted by a short but sharp financial crisis in the autumn of 1907, through which period the bank was able to pass without severe loss, thanks to the principles which Managing Director Fraenckel applied in his management of the bank.

In 1911, after having managed the bank's affairs during a period of more than eighteen years with rare ability and never failing interest and industry, Fraenckel, who felt that his powers were on the wane, prepared the way for his resignation by obtaining the services of at that time Vice-Managing Director Carl Frisk of Stockholms Enskilda Bank to succeed him as managing director of Stockholms Handelsbank.

The year 1910 marks the beginning of a period of bank concentration in

Stockholm. This was a natural consequence not only of the growing importance of the capital as the country's foremost city in trade and industry, but also of the development of the Riksbank into a real central bank. The majority of the newly founded banks transferred their head offices to Stockholm, while other banks established branch offices there, or else entered into close relationship with already existing Stockholm banks.

The first of the great fusions by means of which the Handelsbank reached its present dimensions was that which took place with Bankaktiebolaget Norra Sverige (Bank of Northern Sweden), in 1914. This bank had its head office in Stockholm, and possessed a network of branch offices in the north, as well as a few farther south. Its resources at the beginning of 1914 amounted to 25,875,000 kronor.

With the coming of the world war the need for financial institutions amply provided with capital was more strongly felt than ever, and the increase in funds and working capital which the



Travelers' letters of credit bureau at the head office at Stockholm

Handelsbank obtained through its amalgamation with Norra Sverige came at a particularly opportune moment. In order to take full advantage of the benefits derived from the amalgamation, the Handelsbank sought to complete its organization by establishing new branch offices at favorable points.

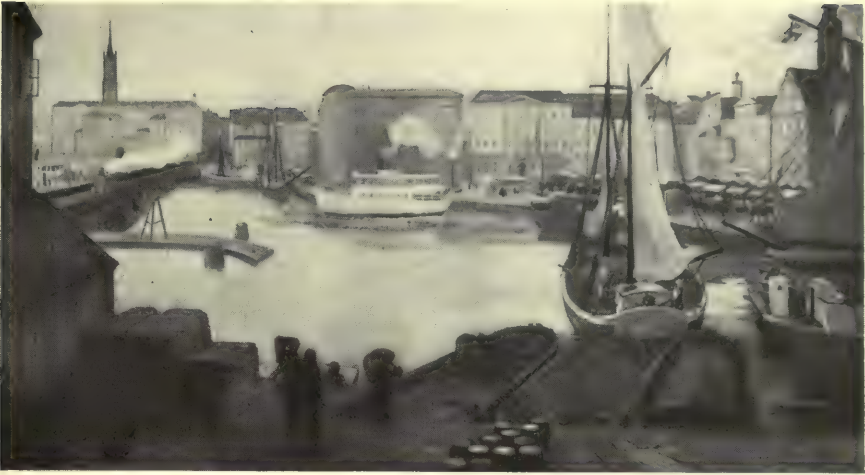
The Handelsbank endeavored to gain as firm a footing as possible in the important industrial district of Norrland. It became a rival of Aktiebolaget Norrlandsbanken, and it was therefore merely following along lines consistent with the policy of development by penetration when, after an agreement had been reached between the two banks, Norrsländbanken was formally amalgamated with the Handelsbank.

With the year 1914 the Handelsbank entered upon a period of expansion, in which the total of resources reached a higher point than ever before. This new period began with the amalgamation with Bankaktiebolaget Norra Sverige, after which follow the fusions with Aktiebolaget Norrlandsbanken in 1917 and with Bank-

aktiebolaget Södra Sverige in 1919. The importance of the Handelsbank continued to increase during the years of war not only in consequence of the amalgamations but also in the intervals, on account of steady internal development. From 1913 the Handelsbank's total resources increased more than ten-fold, and out of the total resources of all banks combined the Handelsbank possessed in 1920 about one-fifth, or more exactly 19.57 per cent. The development during the war of the banks taken as a whole is illustrated by the fact that the total of resources in 1914 have since increased 2.56 times.

As early as 1911 the Handelsbank was able to look back on a rate of past progress which had for a long time been considerably more rapid than that of the banks as a whole. By 1920 the total resources of all banks combined had increased about 29-fold, reckoning from 1872, those of the Handelsbank had increased 137 times.

The absolute expansion in the total deposits of the Handelsbank shows, both as regards the number of accounts



View of the old part of Stockholm, showing to the right of the street entrance in the center of the picture, the house where the Handelsbank opened business in 1871 and which it occupied for the first twenty-five years

and the amounts deposited, an almost uninterrupted rise. The only interruptions in the ascent were caused by the period of economic depression which began in 1885 and which two years later resulted in heavy losses, and by the severance of the Jönköping branch office in 1895. As a result of the latter incident, there followed a substantial reduction in the number of accounts, although the decline in the total of the bank's deposits was quite insignificant. The subsequent figures right up to 1914 show a particularly steady and satisfactory development.

The increase in deposit accounts offers interesting evidence of the new phase which the Handelsbank entered upon in 1914. After each amalgamation both the number of accounts and their total amounts went up by leaps and bounds, until by 1920 the Handelsbank's deposits amounted to about one-fifth of those of all banks combined. On December 31 in the same year the figure for the Handelsbank's deposits was slightly more than one million kronor (representing 571,000 accounts). In comparison it may be mentioned that the combined total of deposits of the two next largest banks at the same date amounted to 1,223,000 kronor (representing 377,000 accounts).

Deposits taken as a whole have come

to play a very important part in our commercial banks. Since 1871 their significance has been such that, from comprising forty-two per cent. of the total of resources, they have swelled to sixty-eight per cent.

The Handelsbank, after the amalgamation of the last few years, attained an equilibrium in its deposits branch of business which harmonizes remarkably well with the average figures of all the Swedish banks combined. The total of deposits amounts to seventy per cent. of the total of resources in the case of the Handelsbank, and to sixty-eight in the case of all banks combined for 1920—the difference of one per cent. actually being in the Handelsbank's favor. Of the various kinds of accounts, funds placed on deposit and capital accounts hold a particularly favorable position, with relative figures higher by nearly two per cent. than those for all banks combined, while savings funds stand at almost exactly the same figure in the Handelsbank as in the average of all banks combined.

During the first half of 1918 arrangements were made for opening branch offices in Malmö and Gothenburg. However, it was a lengthy and uncertain process to gain a footing by establishing in these parts of the country new bank offices in competition with existing



Part of the staff lunch room at the head office

institutions. The question therefore came to be considered of the advisability of amalgamating with one of the larger banks already carrying on its activities in the southern parts of the country. In November, 1918, the board recommended steps for amalgamation between the Handelsbank and Bankaktiebolaget Södra Sverige.

Bankaktiebolaget Södra Sverige had been founded in 1902 as a continuation of Kristianstads Enskilda Bank (established since 1865). Later on various country banks had been absorbed into the company, notably Kalmar Enskilda Bank, Gottlands Enskilda Bank and Borås Enskilda Bank. Besides its head office in Helsingborg Södra Sverige had branch offices throughout Skåne, Blekinge, Småland and Gotland, as well as in Stockholm and Gothenburg. Its capital stock at the end of 1918 amounted to forty-five million kronor.

On October 24, 1918, the agreement between the two directorates respecting the amalgamation was duly signed, and on August 4, 1919, Royal sanction was obtained for the amalgamation.

DEVELOPMENT IN THE LAST DECADE

In direct connection with this merger arose the question of a change in the Handelsbank's name. It was natural that serious scruples, both from a practical and from a sentimental point of view, should be entertained against changing the name under which for forty-seven years Stockholms Handelsbank had now carried on its activities, and under which it had won, through successful work during the last quarter of a century, an assured reputation both outside and inside the borders of Sweden. It could not however be denied that a title which expressly denoted the bank as a Stockholm institution did not really answer its purpose any longer, as by now the bank's field of operations might truly be said to embrace the whole of Sweden. The board, therefore, made a proposal, afterwards adopted, to alter the bank's title to "Aktiebolaget Svenska Handelsbanken."

On November 13 the Handelsbank's altered title was duly registered, on the seventeenth the union of the two banks

was carried out, and on the twenty-seventh of the same month the board of Aktiebolaget Svenska Handelsbanken, now increased to twenty-eight permanent members, assembled for the first time.

The bank's own funds, which in 1910 amounted to 45 million kronor, remained at that figure till 1913, were increased in 1914-16 to 66-67 million kronor, in 1917-18 to 141-142 million kronor, and, after the amalgamation effected in 1919, reached 180 million kronor. (In 1921 the figure stands at 181 million kronor). The total resources, in which Svenska Handelsbanken holds the leading position among the Swedish banks, were 140 million kronor in 1910, and rose in 1911 to 150 million kronor, (representing 5.67 and 5.90 per cent. respectively out of the total resources of all the Swedish banks combined); in 1914 they were increased to 275 million kronor (9.43 per cent.), in 1917 to 666 million kronor (14.20 per cent.) and in 1919 to 1,415 million kronor (or 19.39 per cent. of all the banks combined). The total re-

sources for the year 1920 were 1,466 million kronor (19.57 per cent.)

GROWTH OF SHARE CAPITAL, FUNDS AND PROFITS OF THE HANDELSBANK, 1871-1920

Year	Share capital Kronor	Reserve fund Kronor	Profits Kronor
1871.....	1,000,000	.....	2,981
1875.....	2,000,000	625,000	266,231
1880.....	3,000,000	1,050,000	358,469
1885.....	4,000,000	1,050,000	329,894
1890.....	4,000,000	450,000	256,452
1895.....	4,000,000	530,000	512,320
1900.....	6,000,000	4,000,000	913,823
1905.....	9,000,000	7,700,000	1,534,285
1910.....	21,000,000	22,165,163	3,012,464
1915.....	30,150,000	34,150,000	6,258,527
1920.....	80,708,600	96,002,764	27,359,949

AVERAGE TOTAL OF RESOURCES 1871-1920

Year	All banks Kronor	Handelsbank Kronor
1871	212,634,800	4,714,400
1875	404,168,500	12,663,200
1880	464,411,800	21,470,500
1885	583,929,700	30,427,800
1890	636,816,500	22,732,900
1895	776,025,100	25,914,900
1900	1,319,160,800	42,706,700
1905	1,776,016,900	74,460,400
1910	2,478,407,500	140,622,800
1915	3,209,740,800	313,362,500
1920	7,494,262,300	1,466,301,300



MORE than anything else, the coöperation of relatively strong governments, such as those of Great Britain and the United States, is required in promoting peace and in reëstablishing trade and industry. Indeed, without the coöperation of these two great divisions of the Anglo-Saxon race, there is little hope for political and social stability in the world of the twentieth century.—“*America and the Balance Sheet of Europe*,” by John F. Bass and Harold G. Moulton.



Seventeen Story Office Building of the American Exchange National Bank, Dallas, Texas, on left

IN planning for the construction of a large bank and office building, like that illustrated above, the services of a bank architect of wide experience are essential. The many banks that have placed this important work in our hands are well satisfied with the result.

Alfred C. Bossom
Bank Architect and Equipment Engineer
 680 Fifth Avenue, New York

Correspondence Invited

A Modern Safe Deposit Vault

WHEN the Mechanics and Metals National Bank planned to have its Produce Exchange branch in the newly constructed Cunard building at 25 Broadway, New York, they planned also to have there one of the largest and most complete safe deposit vaults that modern science has provided for the protection of securities, documents and other valuables. Private elevators from the lobby of the bank afford quick and easy access to the vaults.

These vaults are operated by the Mechanics and Metals Safe Deposit Company and are beneath the banking rooms of the Produce Exchange branch, being a part of the Cunard building and yet entirely separate and independent of the building itself. Two stories below the street level on solid bedrock is the immense steel and concrete room, 52 feet long, 43 feet wide and two stories high. The walls and ceiling are from twenty-eight to thirty-six inches thick, and include a three-inch built-up steel lining, which alone weighs over 400 tons.

The large circular door is thirty inches thick, with a newly devised bolting system. Twenty-four great bolts radiating from the center, secure the door, and are controlled by two intricate combination locks and a four movement time lock. The door is constructed of alternate layers of three different metals: chrome steel for resistance to the burglar's drill; open hearth steel plates (similar in composition to those on battleships), to resist explosives; and a special non-fusible metal, which resists the action of the oxyacetylene torch.

Two other entrance doors, together with two ventilating doors, all of the same thickness and construction as the main door, are electrically connected so that they are closed and locked in sequence, after the warning sound of the gong.

PRIVATE DEPOSIT BOXES AND VAULTS

The upper floor of the vault is in part devoted to private safe deposit boxes, 4,273 in all. They are of varying sizes to accommodate the needs of the public. The coupon rooms are reached directly

through the rear of the vault. The fifty-four rooms accommodate either individuals or several persons. Each room is comfortably furnished, well-lighted and supplied with call buttons.

Adjoining the boxes and on the same level, within a private enclosure, are sixteen larger safes, for private use. The lower floor of the vault contains twelve private vaults for the use of large corporations, each having a special coupon room within the main vault.

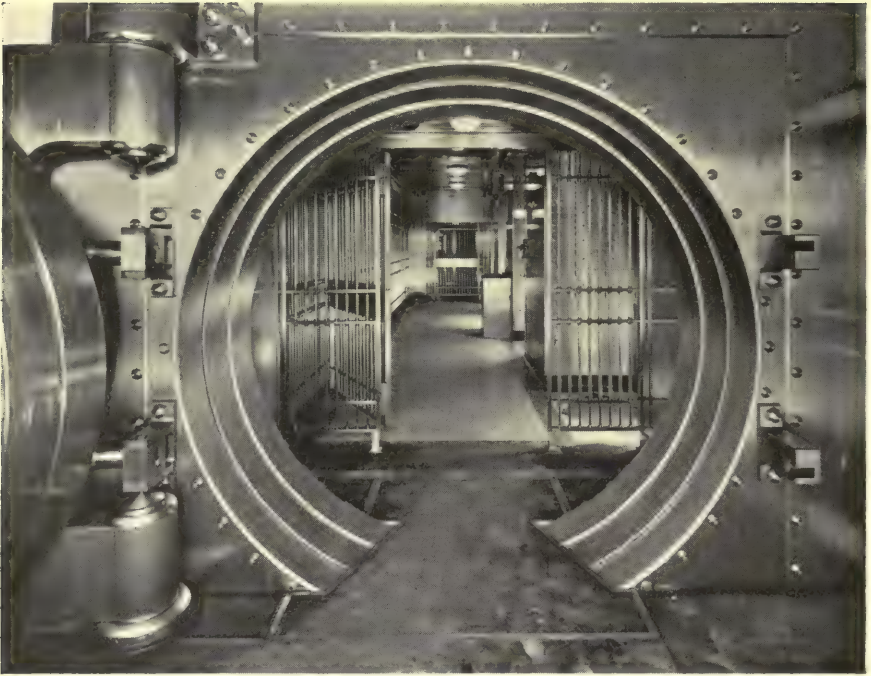
The floors of the vault are of marble and the walls of polished steel plates. A special emergency light burns at all times, and direct telephone connection from within the vault is always available whether the vault is closed or not. The ventilation system of the building extends into the vault through a small opening on each floor, from which the fresh air is carried and distributed through ventilating registers.

The manager of the safe deposit vaults is E. G. Palmer. The vaults were designed and constructed by the York Safe and Lock Company, York, Pa., who have offices in important cities throughout the country.

PRODUCE EXCHANGE BRANCH

The Produce Exchange branch of the bank was formerly the New York Produce Exchange Bank, and has been serving the Bowling Green section of New York for thirty-eight years. As a part of the Mechanics and Metals National Bank the branch now brings to its former patrons the services of an institution with a history reaching back more than a century. The branch was moved to its quarters in the Cunard building when that building was completed because of the need of increased floor space. The most modern mechanical facilities were installed, and all the departments arranged for the convenience of the customers.

The capital of the Mechanics and Metals National Bank is \$10,000,000. According to the December 31, 1921, statement, the total resources are, \$221,171,824.93, surplus, \$10,000,000 and undivided profits, \$6,522,990.46.



Entrance to the vaults, the door of which is thirty inches thick and has a newly devised bolting system

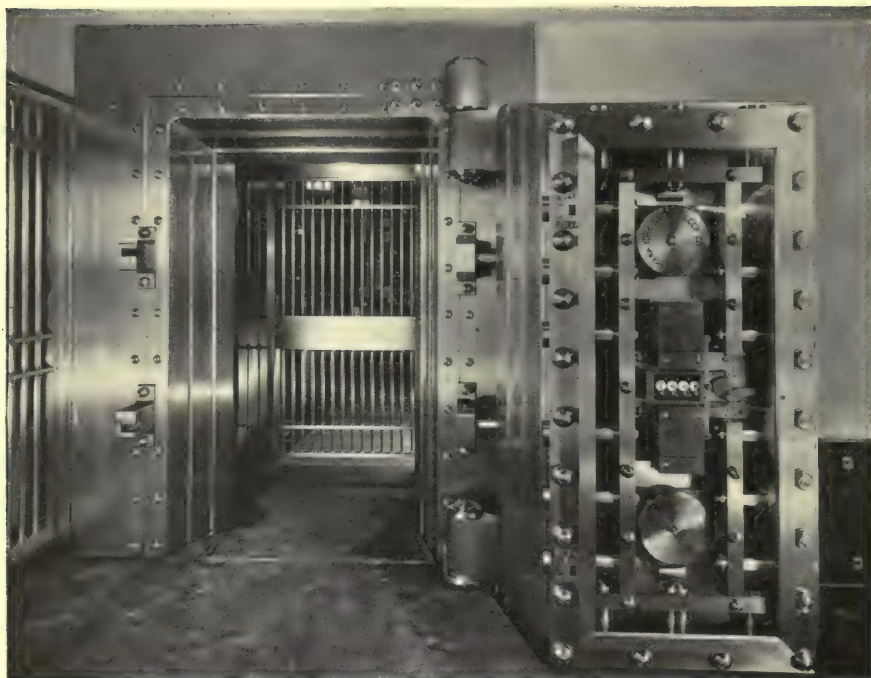


Main entrance to the private vaults



A SECTION IN THE SAFE DEPOSIT VAULTS

The aisles between the tiers of safe deposit boxes are exceptionally wide and well lighted.
The floor is of marble with the design in black and white



Rear entrance to the private vault

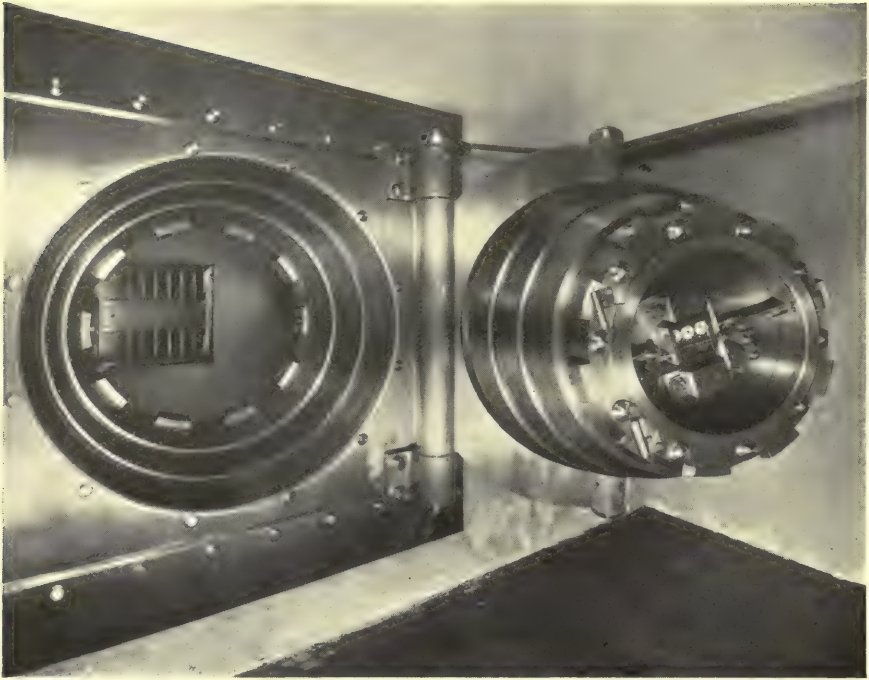


Partial view of a section of private vaults

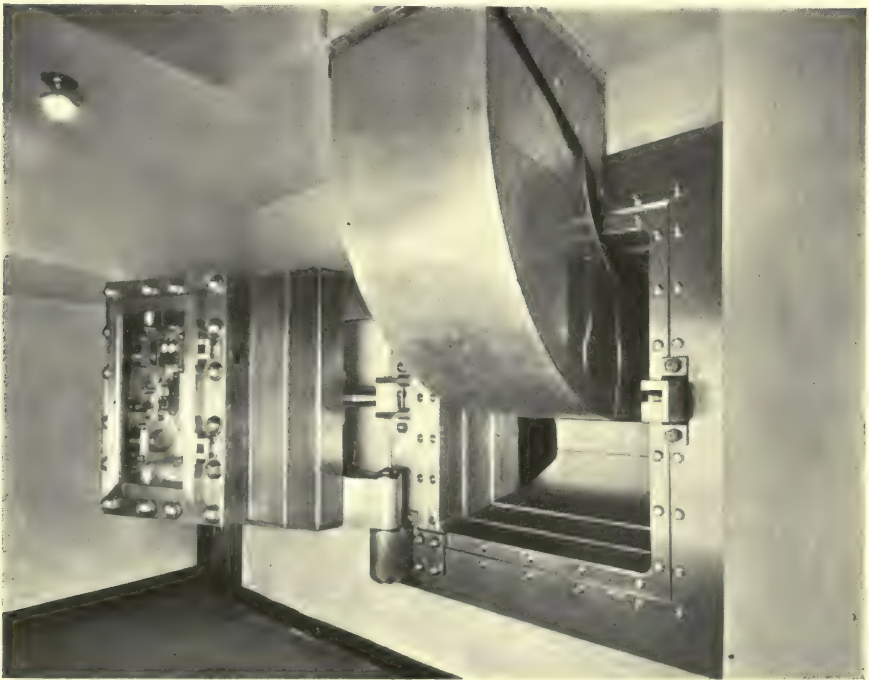


PRIVATE VAULTS FOR THE USE OF INDIVIDUALS AND CORPORATIONS

A special compartment for the use of individuals and corporations, with individual private entrance



Emergency door in private vault, Mechanics and Metals Safe Deposit Company



Emergency door in safe deposit vault, Mechanics and Metals Safe Deposit Company

The Citizens Trust Building of Terre Haute, Indiana

IT is estimated that at least 15,000 people inspected the new banking room of the Citizens Trust Company, Terre Haute, Ind., and the new twelve-storied home which the bank occupied for business November 21, 1921. The structure which is the tallest building in the city is of an unusual design providing a banking room thirty-six feet along the front and ninety-five feet deep while the upper ten stories are constructed in the form of a tower which rises flush with the front of the lower stories and extends fifty-four feet back. The building is of limestone up to the second floor and of dark red face brick with architectural terra cotta trim for the upper stories.

An interesting feature in connection with the erection of this building is that it establishes, it is understood, a record for such a performance in the building field, Hoggson Brothers, the bank building specialists of New York and Chicago, having designed the new structure; demolished the old buildings; erected, equipped, decorated and furnished the twelve-story building in nine and one-half months. This progress enabled the bank to move into its new quarters long before it had expected to.

•The entire main floor with a rear mezzanine and part of the basement is devoted to banking quarters. The high arched entrance-way opens on to an attractive lobby which affords an entrance to the public space of the banking room and also to the high speed elevators which serve the office section. The public space of the banking room is equipped with a marble floor and Tavernelle Fleuri marble wainscoting and counter-screen. On the right of the public space and separated from it by a low marble rail, is the handsomely furnished officers' space with a private consultation and bookkeeping department. On the opposite side is a ladies' department with a writing and retiring room and separate teller's wicket for the convenience of the women patrons.

The completion of this building marks the fulfillment of one of the vis-

ions of the Citizens Trust Company which originated while the firm was known as the American-German Trust Company, one of the smaller and more unostentatious firms of the sort in the Terre Haute of some time ago. Since 1913 the Citizens Trust Company has increased the original capital of \$50,000 which was attended by no surplus to total assets of approximately \$2,300,000, a growth which has not been equalled in so short a period of time in the history of Terre Haute. O. L. Kelso, the first president, assumed control as chief executive of the young American-German Trust Company in 1907. Among the early directors were: L. R. Whitney, A. J. Steen, W. E. Steen, C. H. Edwards and F. R. Hale, all of whom are directors of the institution at this time. Frank C. White, who is now secretary has held that position continuously since the bank was incorporated. The change in the presidency of the corporation occurred January 1, 1913, when D. Russ Wood, now president succeeded O. L. Kelso. Due to Mr. Wood's ability and spirit of progressiveness the bank launched at once upon a period of growth which has culminated at this time in their removal to the handsome new home.

With the constant growth of the bank and increase of patronage need was felt for a new home several years ago. At that time the directors first began consideration of building, but definite plans were delayed until the conclusion of the war. In February, 1921, active work was started on the present structure and was brought to a successful conclusion last November.

The officers and directors are:

D. Russ Wood, president; L. R. Whitney, vice-president; Frank C. White, secretary; Charles C. Newlin and Raymond A. Moench, assistant secretaries; directors; Paul Kuhn, A. J. Steen, W. E. Steen, I. W. Richardson, C. J. Herber, Simon Levi, S. M. Cowgill, C. H. Edwards, F. R. Hale and L. E. Waterman, L. R. Whitney, D-Russ Wood.



CITIZENS TRUST BUILDING, TERRE HAUTE, INDIANA

The building is of limestone to the second floor and the upper stories are of dark red terra cotta trim



Detail of the entrance to the Citizens Trust building



Main banking room from the entrance



Officers' quarters, Citizens Trust Company



Entrance to the safe deposit vaults, Citizens Trust Company



Head office, Bank of Scotland, Edinburgh

The Bank of Scotland

THE Bank of Scotland is the oldest institution among the eight large banks in Scotland, and dates from 1695, when the Scots Parliament passed an "Act for erecting a Publick Bank." Prior to that time, the banking business of the country, such as it was, had been in the hands of the goldsmiths and certain merchants who dealt in bills of exchange; but when it is remembered that the population of Scotland at the close of the seventeenth century was under a million—considerably less than the present population of Glasgow—and that its natural resources were undeveloped, the banking needs of the community were on a very restricted scale. It is probably to John Holland a merchant of standing in the city of London that the idea of founding a bank was mainly due, and on the suggestion of several patriotic Scots resident in the South he drew up its constitution. Mr. Holland was certainly the first Governor of the Bank, and it was undoubtedly under his direction that the bank was judiciously planted in a soil congenial to its growth and development.

Edinburgh was the center of Scottish banking for many years subsequent to 1695, and more than a generation passed before the Bank of Scotland encountered any rival of the joint stock order. Glasgow had no banks prior to 1750, her modest needs being supplied by her "Virginia dons" and merchant bill-brokers. While Edinburgh granted facilities on more or less arbitrary conditions. A branch system had been attempted from Edinburgh as early as 1696, but it was not until a century later that the branch system proper came into vogue, and became the nucleus of the still-expanding provincial activity.

THE BANK'S LOCATION

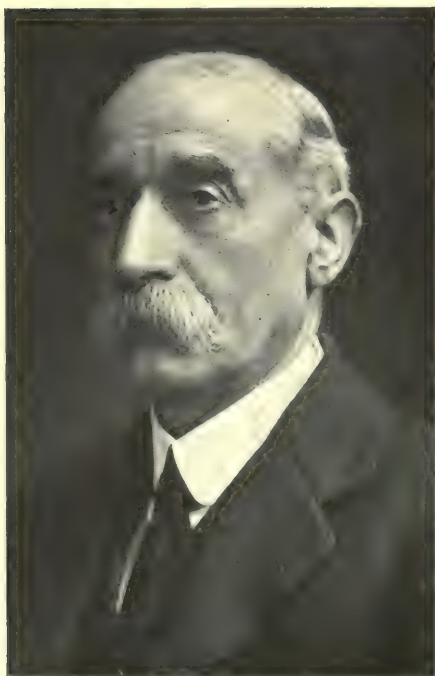
The original headquarters of the Bank of Scotland were situated in Parliament Close, a somewhat unsavory adjunct to the historic High Street of Edinburgh, but at that time the center of the professional and business life of the city where, under the shadow of St. Giles, the burghers plied their callings and the lawyers settled the disputes of the litigious. In February, 1700, the



GEORGE J. SCOTT
Treasurer Bank of Scotland, Edinburgh

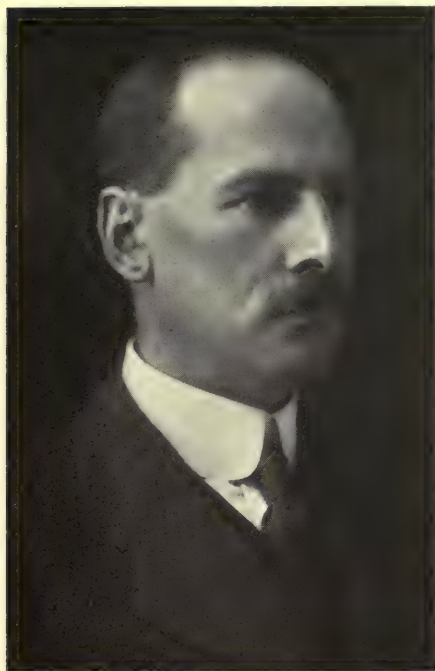


A. J. ROSE
Secretary Bank of Scotland, Edinburgh



W. G. LEGGAT
Manager Bank of Scotland, Glasgow

bank had the misfortune to be burnt out of its premises, and operations were transferred to a close on the south side of the Lawnmarket whose name still bears witness to its banking traditions. A century later, on the extension of the city northwards the directors purchased an area on the newly-constructed "Mound", and in 1806 the bank removed from its somewhat restricted quarters in the Lawnmarket to the handsome edifice built for its accommodation to the design of the then famous architect Richard Crichton. In 1868 the building was extended and reconstructed and effectively redecorated under the supervision of David Bryce, R. S. A., and now forms one of the most imposing buildings in the city, while the amenities of its ground preserve the green sward as a pleasing adjunct to the pile. Few visitors to Edinburgh are probably aware of the fact that the masonry beneath the surface is practically as great as that above, the building resting on massive arches which have their foundations nearly at



JOHN WHITELAW JOHNSTON
Manager Bank of Scotland, London



DAVID DUNCAN
Assistant Manager Bank of Scotland, London

the level of the North British Railway which occupies the valley between the Mound and Princes street. The vaults contain not a few interesting relics of a historic past including the old flint-lock guns and the treasure chest of the Darien Company. The bank has a northerly exposure, and from its upper windows looking over the city towards the Port of Leith and the shipping on the Forth the prospect on a clear day stretches from Ben Ledi in distant Perthshire to the Bass Rock standing sentinel where the Firth merges in the North Sea, and embraces a magnificent panorama which includes the hills of Stirling, Fife and Kinross over a radius of many miles. The main entrance of the bank faces to the south. The facade measures 175 feet, while the height of the building from the entrance in Bank street to the summit of the dome is 112 feet.

COURSE OF THE BANK'S HISTORY

The two centuries and a quarter during which the bank has held an honored

place among the leading financial houses of the United Kingdom have been marked by great historic and social changes, and during the last eighty years it has played an important part in the rise and growth of industrial Scotland. The tragedy of Glencoe and the disasters of Darien formed the somber background of its cradle. The years around 1715 and 1745 witnessed successive upheavals to restore the discredited dynasty of the Stuarts with all the accompanying unrest and bitterness and bloodshed. When the nineteenth century opened, the star of Napoleon was in the ascendant. Fears of invasion darkened the horizon, and later decades witnessed the exit of many younger competitors in the banking field culminating in the disastrous cataclysm of the City of Glasgow Bank which had its ignominious downfall in 1878.

ABSORPTIONS OF OTHER BANKS

Through all these strange vicissitudes of fortune the old bank has held its



Entrance hall of the head office, Edinburgh



Interior of the Bank of Scotland, London



Glasgow chief office, 2 St. Vincent Place

own, and as already remarked, has taken a large share in the industrial development of a progressive community, prudently extending its connections and sphere of action as occasion offered, and still maintaining a sturdy independence notwithstanding the lures of affiliation spread in Scotland as elsewhere. The senior bank has of course throughout its history played its part in the amalgamation process, and in the course of half a century two absorptions have been concluded, both purely Scottish in their character. The Central Bank, purchased in 1868, with its headquarters in Perth, gave the Bank of Scotland an enhanced prestige in the central counties, while the absorption of the Caledonian Bank in 1907 increased deposits by over a million and a quarter sterling and added something like thirty-four branches to its jurisdiction. Although represented all over Scotland from the Solway in the south to the Orkney Islands in the north the Bank of Scotland is, by reason of these particular fusions, specially strong in both



Old mantelpiece, dated 1633, in the board room of the Bank of Scotland, London



Telling room of the chief office, Glasgow

the center and the North of Scotland, while an extensive network of branches in Edinburgh and Glasgow and the surrounding districts maintains its business in the more populous areas engaged in manufactures and places more particularly identified with coal, iron, steel, shipbuilding and other industries.

CAPITAL AND CONSTITUTION

The original capital of the bank was £1,200,000 (Scots), equivalent to £100,000 sterling. On this amount two-thirds were subscribed in Scotland and one-third in London. In 1774 the capital had increased to £200,000 sterling and subsequent Acts of Parliament extended the authorized capital to £4,500,000 sterling, the figure at which it stands today. The latest issue of capital was made on the occasion of the amalgamation with the Caledonian Bank in 1907, and the paid-up capital is now £1,325,000. In 1920 an important Act of Parliament received the royal assent and amended and codified the existing constitution of the bank besides

more fully defining its powers. As a result of this latest enactment the bank is now in a position to undertake business on the widest possible lines, and to place the fullest facilities, home and foreign, at the disposal of its clientele.

The London office of the bank was established in 1867, and occupies very handsome premises at No. 30 Bishopsgate, E. C., in the very heart of the metropolis. Besides its principal offices in Edinburgh, Glasgow and London, the bank operates at 182 branches and sub-agencies, and details taken from its latest balance sheet show the following figures:

Authorized capital	£4,500,000
Paid-up capital and reserve	1,875,000
Deposits and credit balances	37,000,000

OFFICERS OF THE BANK

The Earl of Stair, who held the position of governor of the bank for more than a generation, was succeeded in 1904 by the late Lord Balfour of Burleigh, K. T., whose lamented death on July 6 last removed one of the most prominent Scotsmen of his time from

the councils of the nation. Lord Balfour has been succeeded in the governorship by William John Mure, C. B., the former deputy governor and senior director of the bank. The deputy governor is Lord Elphinstone.

George John Scott, who held the premier place in the administration, has been treasurer (general manager) since June, 1920. Prior to taking up office in the Bank of Scotland, Mr. Scott was general manager of the Union Bank of Scotland, Limited, and held office as their London manager for nine years. The secretary of the bank is A. J. Rose, who has a life-long connection with the institution, and has filled many important offices in the course of his forty years' service. The superintendent of branches is W. A. Tait, M. A., the accountant of the bank is James Brown and the cashier, David K. Dewar, all of whom have been trained in the service. The London manager is J. W. Johnston and the Glasgow manager, W. G. Leggat, officials of long service in the bank.

It only remains to be said that the senior bank if old in years is still young in spirit, and in the future it promises to maintain the tradition of its past in an ever-extending measure.



Exterior of the Bank of Scotland, London



THE most essential thing for all our people to recognize is that, in the last analysis, we are all in the same boat and sink or swim together.

The most helpful thing to set prosperity going again is to carry that recognition into practice by broad-minded and well-conceived co-operation, instead of blaming our adversity on the other fellow and trying to get even with him.—Otto H. Kahn.



Managers' rooms, Union Discount Company of London, Ltd.



Board room, Union Discount Company of London, Ltd.



Union Discount Company of London, Limited

Union Discount Company of London, Limited

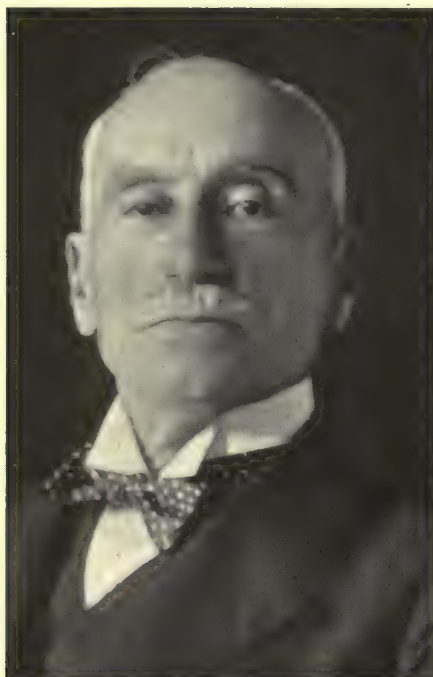
WHILE many banks in various quarters of the world occupy premises distinguished in one way or the other, few have the honor of transacting business on a site more hallowed to the people of English-speaking lands than that of the Union Discount Company of London, Limited, whose premises at 39 Cornhill are on the site of the birthplace of Thomas Gray, author of the immortal "Elegy Written in a Country Churchyard," a poem some of whose lines, at least, are probably more familiar than any other in the English tongue.

Though appropriately marking this distinction by the tablet illustrated above, this institution has stronger additional claims to public interest than the historic character of its site. It is, in-

deed, the largest of the three principal discount companies in London, with total assets in excess of £47,000,000, and representing in its transactions an important share of domestic and international financing.

PURPOSE OF FORMATION

The Union Discount Company of London, Limited, was incorporated April 24, 1885, under section 22 of the Finance Act of 1915 to carry on a bona fide banking business in the United Kingdom. It was formed for the purpose of amalgamating the business of the General Credit and Discount Company, Limited and the United Discount Corporation, Limited. The capital is divided into 200,000 shares of £10 each, of which £5 per share, or a total



C. R. NUGENT
Director and manager



R. C. WYSE
Deputy manager

of £1,000,000 is paid up, and £5 per share, or an additional total of £1,000,000 is callable. There is a reserve fund of £1,000,000 also.

The business of the company consists of (inter alia) discounting bills of exchange and approved bank and mercantile acceptances receiving money on deposit at call and for fixed periods, opening current accounts, issuing books of checks and paying checks drawn on the company payable on demand, making advances to customers, dealing in foreign exchange, holding for safe custody

on behalf of customers' securities and other valuables, collection of coupons and amounts due on drawn bonds for customers, purchases and sales of stocks, shares and other securities on behalf of customers. It also deals in Treasury bills of any maturity.

The adaptation of the company in meeting demands for furnishing more ample credit facilities to merchants and bankers through its discount and rediscount operations is well illustrated by the growth in business, as shown in the accompanying table:

Year	Capital	Reserve	Bills discounted on hand at close of each year	Total Balance sheet	Dividends Per cent.
1885	£1,000,000	£100,000	£7,706,339	£9,070,451	8
1890	1,300,000	200,000	13,105,834	15,553,475	9
1895	1,300,000	210,000	15,825,287	18,658,949	9
1900	1,500,000	370,000	15,683,435	20,246,403	11
1905	1,500,000	420,000	15,816,185	22,139,643	11
1910	1,500,000	600,000	18,853,455	25,033,385	12
1915	1,700,000	800,000	20,286,413	24,176,243	13 less tax
1920	2,000,000	1,000,000	41,079,453	47,118,259	14 less tax
					2 per cent. bonus free



View of the board room looking from a committee room

The profitable nature of the operations appears from the figures showing net earnings for respective years, as herewith:

been pursued looking to the strength of the reserve position, so that in addition to the ordinary reserve fund, which on December 31, 1920, amounted to £1,-

PROFITS OF THE UNION DISCOUNT COMPANY OF LONDON, LIMITED

Year to Dec. 31	Net profit £	— Dividends earned per. cent.	subject to tax — paid per cent.	tax — paid £	Special allocations £	Carried forward £
1920	247,590	24.76	16.86	168,571	50,000	155,044
1919	198,715	19.87†	14.38†	143,786	50,000	126,025
1918	152,191	17.91	14.43	122,643	25,000	121,096
1917	155,847	18.33	14.33	121,833	25,000	116,548
1916	145,580	17.13	14.29	121,468	10,000	107,534
1915	161,992	19.06	13.00	110,500	80,000	93,421
1914	130,712	16.34	13.45	107,698	.....	121,929
1913	149,157	19.88	13.27	99,557	35,000	98,915

(a) Includes £1,565 for interest at five per cent. on new shares for broken period.

† On increased capital.

The average distribution of profits for the past ten years, allowing for income tax deducted since 1914, and including several tax-free bonuses, was £11 10 10 per cent.

It will be seen that the earning power has been not only well maintained but increased, and that steadily a policy has

000,000, there was on the same date a provisional reserve of £138,666, which had been built up to this sum by constant additions every year since 1910, when the total was £71,928.

The position of the company is shown in detail in the balance-sheet as of December 31, 1920:

THE UNION DISCOUNT COMPANY OF LONDON, LIMITED

Balance Sheet, December 31, 1920

LIABILITIES

	£	s.	d.	£	s.	d.
To capital account, 200,000 shares of £10 each.....	2,000,000	0	0			
Amount paid, £5 per share.....				1,000,000	0	0
“ Reserve fund				1,000,000	0	0
“ Provident fund				138,665	13	4
“ Loans and deposits, including provision for contingencies	31,669,303	10	5			
“ Bills re-discounted	12,661,765	2	7			
				44,331,068	13	0
“ Rebate on bills discounted.....				424,480	4	0
“ Balance at credit of profit and loss account for appropriation	323,044	4	3			
<i>Less</i>						
Interim dividend (paid last July).....	£49,000	0	0			
Applied to writing down securities.....	50,000	0	0			
	99,000	0	0			
				224,044	4	3
				£47,118,258	14	7

RESOURCES

	£	s.	d.
By cash at bankers.....	1,259,557	6	1
“ British Government (including Exchequer Bonds and National War Bonds) and other securities.....	3,019,943	15	1
“ Loans on securities at call and short dates, and other accounts.....	1,558,415	1	6
“ Bills discounted, etc.	41,079,452	18	5
“ Sundry debit balances.....	24,702	15	1
“ Freehold and leasehold premises, fittings and furniture, at cost, less depreciation written off.....	176,186	18	5
	£47,118,258	14	7

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING
DECEMBER 31, 1920

	£	s.	d.	£	s.	d.
To current expenses, including salaries, rent and taxes, directors' fees, and all other charges.....				64,549	1	5
“ Rebate of interest on bills discounted not due, carried forward to new account.....				424,480	4	0
“ Applied to writing down securities.....	50,000	0	0			
“ Interim dividend, paid last July, for half-year at the rate of fourteen per cent. per annum, less income tax	49,000	0	0			
“ Dividend for the final half-year at the rate of fourteen per cent. per annum, less income tax.....	49,000	0	0			
“ Bonus 2s. per share, free of tax.....	20,000	0	0			
“ Balance carried forward to next account.....	155,044	4	3			
				323,044	4	3
				£812,073	9	8
				£	s.	d.
By balance brought forward from December 31, 1919.....				126,025	1	3
“ Gross profits for the year, after making provision for contingencies.....				686,048	8	5
				£812,073	9	8
Balance brought down.....				£155,044	4	3



Committee room

THE MANAGEMENT

The officers of the Union Discount Company of London, Limited, are: Manager, Christopher R. Nugent; deputy manager, Robert C. Wyse; assistant managers, F. Nevill Jackson, A. S. Russ and C. S. Langley; secretary, W. B. Hobbs.

Directors: Arthur Louis Allen, Sir Robert Balfour, Bart., M. P., William Thomas Brand, Arthur John Fraser, the Hon. Sir William H. Goschen, K. B. E., Robert Holland-Martin, C. B., Christopher R. Nugent.

Christopher Robert Nugent, now director and manager, was formerly manager of the United Discount Corporation, which in 1885 was amalgamated with the General Credit and Discount Corporation, under the style of The Union Discount Company of London, Ltd., when he was appointed manager. In 1910 he also became a director of the company.

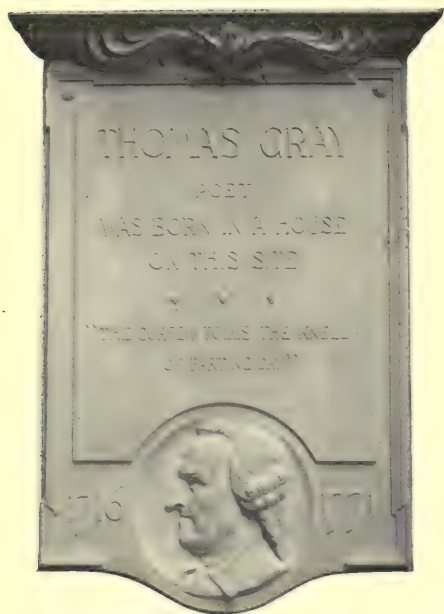
Robert Callander Wyse, the deputy manager since February 1, 1920, was

for many years a member of the London committee and manager of the London office of Guaranty Trust Company of New York.

Mr. Nugent and Mr. Wyse are well known to most of the prominent bankers of North and South America, the Continent of Europe and the Orient, the transactions of the company being largely of an international nature.

Arthur Louis Allen joined the board in 1915. Previously for many years he was a partner in Messrs. L. Messel & Company, members of the London Stock Exchange.

Sir Robert Balfour, Bart., M. P., has been a member of the board since 1904. He is a member of Parliament for the Partick Division of Glasgow, and was created a baronet in 1911. He is a member of the firm of Messrs. Balfour, Williamson & Company, and is a director of the Anglo Pacific Trading Corporation and the British and Foreign Marine Insurance Company, of which latter corporation he is chairman of the London board.



The tablet to the memory of Thomas Gray illustrated above, affixed to the front of the premises of the Union Discount Company of London, 39 Cornhill, was the gift of Alderman Sir Edward Cooper, who in 1920 was Lord Mayor of London. The tablet was unveiled in March, 1918, by Sir Herbert Warren, K. C. V. O. President of Magdalen College, Oxford, formerly Professor of Poetry at Oxford.

The tablet is of bronze, and was designed by Sydney Perks. It includes a medallion portrait of the poet, records the dates of his birth and death, and quotes the opening line of his best known poem, "The Curfew Tolls the Knell of Parting Day."

At the unveiling ceremonies Sir Herbert Warren sketched the life of Gray, who was born at 39 Cornhill on December 26, 1716, and baptized the same day at St. Michael's, the register still containing a record of the ceremony. In a glowing estimate of the poet's genius, Sir Herbert said that Gray had written the most popular poem in the language, remarkable as containing so much in so little. Therefore, Cornhill did well to remind itself and others that he was born there. Of his father, a stockbroker, little was known, and the poet owed nearly everything to his mother, who in her widowhood practised millinery, and sent her son to Eton and Cambridge. He was at once a scholar, a gentleman and a patriot. Probably no writer has done more in so few words to reconcile class to class.

William Thomas Brand joined the board in 1885, on the amalgamation of the United Discount Corporation, Ltd., with the General Credit and Discount Company, Ltd., of which latter company he was a director. Mr. Brand is also a director of the London Assurance, London Joint City and Midland Bank, Ltd., Provincial Bank of Ireland, Ltd., and the Yorkshire Penny Bank.

Arthur John Fraser joined the board in 1891. He was for many years chairman of the London committee of the Guaranty Trust Company of New York, is also a director of the London County Westminster and Parr's Bank, Ltd.

Hon. Sir William H. Goschen, K. B. E., became a member of the board in 1909. He is a partner in Goschens & Cunliffe (merchant bankers), is also a director of the Provincial Bank of Ireland, Ltd., Sun Insurance Office (chairman), Sun Life Assurance Society (chairman), and is further: Knight of Grace of the Order of St. John of Jerusalem, Commissioner of Public Works Loan Board, Warden of the Royal Chapel of the Savoy, Member House Committee of the London Hospital.

Robert Holland-Martin, C. B. (1911), joined the board in 1912. He is also a director of the Alliance Assurance Company, Bank of Liverpool and Martins, Ltd., (member of general board and London local board), Gas Light and Coke Company, and the London and South Western Railway Company. He is also chairman County of London Territorial Forces Association and Honorary Secretary of the Bankers' Clearing-house.





National Union Bank Building, 209 Washington Street, Boston

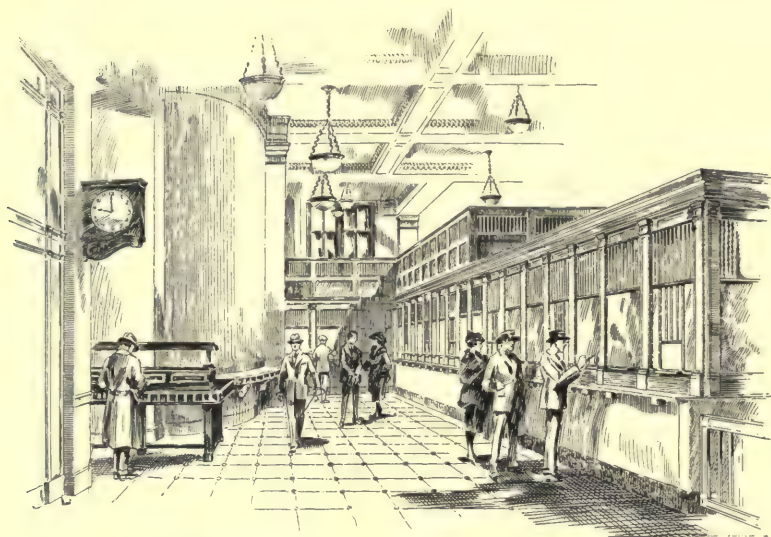
National Union Bank of Boston

THE National Union Bank of Boston has recently moved into its new home at 209 Washington street. For more than a century the bank has been a familiar institution on State street, but its consistent growth has necessitated its removal to a new building, the location selected being on Washington street, almost facing the old State House, which is still a neighbor of the bank. The new banking rooms are much larger, and more modern and convenient than those formerly

occupied, with increased facilities for service.

Governor John Hancock of Massachusetts signed the original charter on June 27, 1792, when the bank was organized by a small group of men. As there was one other bank in Boston at that time dismal predictions were made that the new bank "must inevitably fail." But the bank prospered from its beginning.

On State street, in 1826, the Union Bank erected its first new building, a



Main banking room, north side, National Union Bank, Boston

structure of such solid and enduring material and so centrally located that it continued as the home of the bank until its recent change. Under the National Bank Act, in 1865, the bank became the National Union Bank. This change did not effect its long continuity of existence and today it holds the distinction of being the oldest banking institution in the State of Massachusetts.

OFFICERS AND DIRECTORS

The officers of the bank are: Henry S. Grew, president; Lorne M. Graves, vice-president; John W. Marno, cashier; Hubbard B. Mansfield, Ross C.

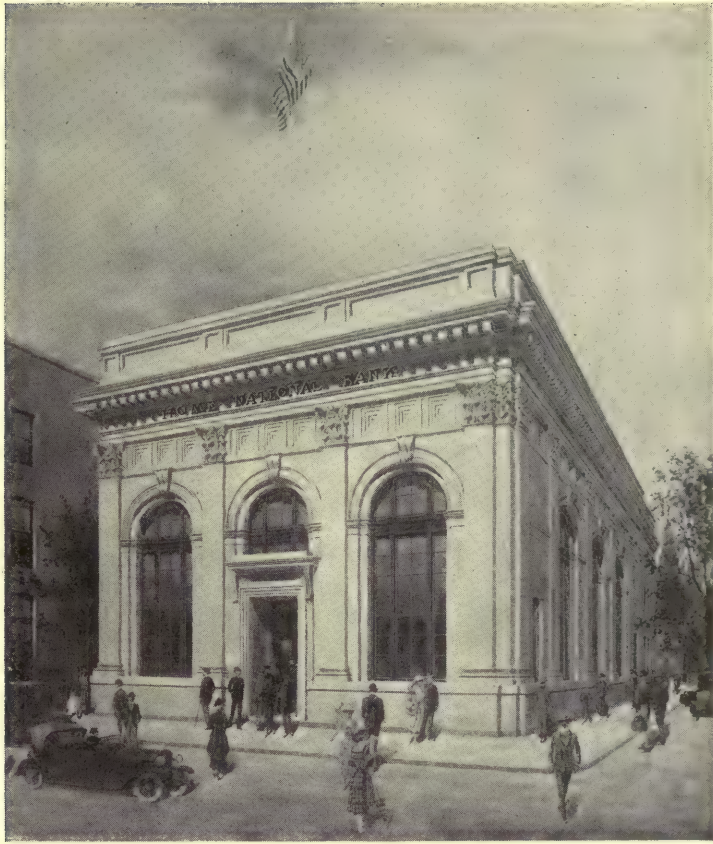
Skinner, George W. Simpson, assistant cashiers.

The directors are: Nathaniel H. Emmons, president Lawrence Gas Company; William Farnsworth, Boston; Henry S. Grew, president; Ralph B. Williams, trustee; E. Sohler Welch, lawyer; Alexander Whiteside, lawyer; William Whitman, Jr., Wm. Whitman Company, Inc.; George H. Clough, The Russell Company; E. Kent Swift, Whitin Machine Works; William S. B. Stevens, Boston; Harry L. Bailey, Wellington Sears and Company; Austin T. White, Richards and Company, Inc.; Lorne M. Graves, vice-president.



IT is one thing to talk about the ideals of peace, but the bigger thing is to seek the actuality.

—Warren G. Harding



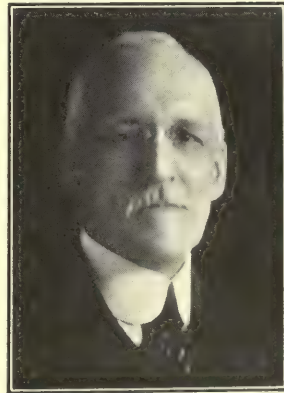
Home National Bank, Meriden, Conn.

Home National Bank of Meriden, Conn.

ALTHOUGH the Home National Bank of Meriden, Conn., has opened a new banking house, one of the finest and most modern in the state, it is not a new institution, as testified by its long and honored history in the business and financial circles of Meriden.

The institution is nearly seventy years old, having been chartered by the Connecticut Legislature as a state bank in 1854. At the time of its formation, Meriden business men wanted a banking house in the business center, a bank for "home benefit" as they expressed it, and this ideal of the founders has been steadfastly adhered to by every generation of the institution's officials.

The first directors of the bank met on August 8, 1855, for formal organiza-



EDGAR J. DOOLITTLE
President

tion. They elected S. W. Baldwin, president, and A. C. Wetmore, secre-



ARTHUR S. LANE
Vice-president



CHARLES S. PERKINS
Cashier



GEORGE J. SOKEL
Assistant Cashier

tary. The first cashier was H. C. Young.

For two years the business of the bank was carried on in the rooms of the Young Men's Institute on the east side of Colony street. The bank later moved across the street to the site of the present new structure, where it occupied a wooden building. In 1858 the bank purchased the property and continued business there until 1863, when a fine brick building was erected on the same site, the old, wooden one having been moved away.

In January, 1857, the bank was authorized by the Legislature to increase its capital stock, \$50,000. Two months later an issue of \$2,000 more was authorized, as the subscription to the increase had exceeded the amount previously authorized. In September, 1859, the rapid growth of the bank demanded another increase, and it was raised to \$300,000. On December 24, 1864, it was voted to nationalize the bank, and increase its capital to \$400,000, and in January, 1865, business was begun as

a national bank. The entire history of the bank has been one of prosperity, excellent business judgment on the part of its officials, and a constant increase in deposits.

The opening of the new fireproof building at 16 Colony street, marks a new milestone in the bank's history. It brings to completion carefully laid plans as the new banking rooms are commodious, readily accessible and combine beauty with every modern facility for the best business service. The details of the equipment and appointments of the new building have been thoughtfully arranged to provide for all the needs of clients, and the erection of this building has made possible a very substantial extension of the facilities of banking service. The architects were, McKim, Mead and White, New York, and the general contractors, Fred T. Ley and Company, New York.

The officers of the bank are: Edgar J. Doolittle, president; Arthur S. Lane, vice-president; Charles S. Perkins, cashier; George J. Sokel, assistant cashier.



Spokane Bank Celebrates Thirtieth Anniversary

THE Old National Bank of Spokane, Wash., celebrated its thirtieth anniversary on December 17, 1921. The many flowers that were received from banks throughout the northwest filled the lobby and surrounded one of the chief features of the celebration, a collection of newspapers and photographs showing the history of the bank and of the city over the period of thirty years, since it opened its doors, December 22, 1891.

A part of the display consisted of photographs of the four business homes of the bank during the past thirty years, at College and Monroe streets, 1891; Main and Howard streets, 1892; Riverside and Wall streets, 1895; Riverside and Stevens streets, 1911.

W. D. Vincent, president of the bank, is the only person who was with the bank when it opened. He is also, as far as is known, the only living stockholder who has retained his shares throughout that period. His photograph as teller in 1891 and one as president in 1921 were in the lobby display.

HISTORY OF THE BANK'S GROWTH

The bank actually had its inception in 1889 as a state institution, known as the Pacific Bank. It was situated then at the southwest corner of Monroe street and College avenue, where the Security State Bank now stands. Two years later the form of organization was changed and a charter was issued to it as the Old National Bank.

Its charter and its first currency issue are dated December 22, 1891, although as a matter of fact the charter was granted November 28, 1891.

January 4, 1892, the bank moved across the river to the corner of Main avenue and Howard street. It remained there for three years, when it leased the Marble building at Wall street and Riverside avenue, now occupied by the Fidelity National Bank building. It purchased that property and occupied it until January, 1911, when it moved

into its present palatial home at Riverside avenue and Stevens street.

Starting in 1891 with \$200,000 capital, the bank today has \$1,600,000 in capital and surplus and \$18,000,000 in deposits. It is the parent organization of the Union Trust Company, with



W. D. VINCENT

President Old National Bank, Spokane

\$350,000 in capital and surplus and \$20,000,000 in trust funds; the Union Securities Company, with \$1,500,000 in capital and surplus and \$15,000,000 in deposits in its various banks, and the Old National Bank Building Company, with capital and surplus of \$1,500,000. Through its affiliated concerns the Old National now covers the entire Inland Empire.

The modern development and growth of the bank really date from the advent of D. W. Twohy, now chairman of



Lobby display of flowers and historical pictures at the Old National Bank during its thirtieth anniversary week

the board, as president in 1902. The capital then was only \$200,000 and the deposits \$960,000.

BANK HOSTS TO OFFICERS AND EMPLOYEES

The formal celebration was a dinner and dance at which the directors were hosts to the officers and their wives. The honored guests were "graduates" of the bank, former clerks now holding official bank positions in nearly every Spokane bank and in many throughout the northwest.

Another honored guest was S. R. Stern, formerly of Spokane, who was one of the original directors of the bank.

D. W. Twohy, chairman of the board was toastmaster. Surprise stunts were the feature of the evening and were interspersed with brief talks by executives and the "graduates" and with chorus singing.

Special honors were conferred upon President W. D. Vincent, the fellowship club of the Old National Bank and

Union Trust Company presenting him with a huge birthday cake drawn into the room by three little girls. Miss Catharine O'Hern made the speech of presentation. The cake bore the figures of "30" and "1891-1921." The directors of the bank gave as their token of appreciation, a gold Gruen watch, and a chain with thirty links, which were presented by T. J. Humbird.

The annual distribution of Christmas bonus checks to the employees of the institutions which is usually made the day before Christmas was made at the dinner. W. J. Kommers, president of the Union Trust Company, gave an historical summary of the Old National, and the toastmaster called on most of the officers and directors for reminiscences.

RECORD OF BANK GRATIFYING

One of the Spokane newspapers commented on the anniversary as follows:

"In the cities of the East and even of the interior banks that have done business continuously for thirty, forty

or fifty years are no rarity. In such towns as Boston, New York or Philadelphia banks that have been in business a century are not few. Chicago, St. Louis and San Francisco have banks that have flourished half a century or more.

"But in cities of the young West, the West that has risen since the completion of the Northern Pacific, banks that have had an unbroken career of a generation are few. When a city is as young as Spokane, the possession of such a bank is deserving of commemoration. The Old National of Spokane is deservedly entitled to felicitations on rounding its thirtieth milestone."



Birthday cake presented to W. D. Vincent, president of the Old National Bank, Spokane



Discontinuance of the Subtreasuries

[From the Annual Report of the Secretary of the Treasury]

BETWEEN October 25, 1920 and February 10, 1921, the nine United States subtreasuries were discontinued in accordance with the legislative, executive and judicial appropriation act approved May 29, 1920. Many important functions of the subtreasuries had already been intrusted to the Federal Reserve Banks, as depositories and fiscal agents of the United States, and as the subtreasuries were discontinued their remaining functions were transferred to the Treasurer of the United States, the mints and assay offices, and the Federal Reserve Banks and branches. The Treasury Department issued the following public statement on February 14, 1921, to announce the final discontinuance of the subtreasuries:

In accordance with the legislative, executive, and judicial appropriation act, approved May 29, 1920, which authorized the Secretary of the Treasury to discontinue the subtreasuries of the United States on July 1, 1921, or at such earlier dates as he might deem advisable, the Secretary of the Treasury announces that the subtreasuries have all been discontinued in the following order:

Boston.....	Oct. 25, 1920
Chicago.....	Nov. 3, 1920
New York.....	Dec. 6, 1920
San Francisco.....	Dec. 20, 1920
New Orleans.....	Jan. 5, 1921
St. Louis.....	Jan. 8, 1921
Baltimore.....	Jan. 14, 1921
Philadelphia.....	Feb. 3, 1921
Cincinnati.....	Feb. 10, 1921

As provided in the statute, the duties and functions performed by the subtreasuries have been transferred to the Treasurer of the United States, the mints and assay offices, and to Federal Reserve banks and branches.

The closing of the subtreasuries and the transfer of their duties and functions have been effected without interruption to business and without interference with the financial operations of the Government, and it is believed that the change will result in substantial benefit to the banks and the general public and in better distribution of coin and currency throughout the country. Moreover, a material economy has been effected, not only by the reduction in operating expenses effected by abolishing the subtreasury establishments but also by the elimination of the necessity of keeping with the assistant treasurers the working supplies of coin and currency required to enable them to perform their functions, amounting in the aggregate to about \$25,000,000.

The passing of these institutions marked the final disappearance of the so-called Independent Treasury system, which had been established seventy-five years ago for the purpose of carrying on the banking and fiscal activities of the Government. It dated back to 1846, a time when the irresponsible character of banking institutions made it necessary for the Government to devise some means for safe-keeping and handling its own funds. Prior to that time the Government's policy in this regard had not been uniform. Until the establishment of the First United States Bank public money was left in the hands of the collectors until it was needed. During the period of the First United States Bank, 1791-1811, and the greater part of the period of the Second United States Bank, 1817-1833, these banks with their branches were the principal depositaries. Between 1811-1817, and again between 1833-1846, State banks were used as Government depositaries. Financial disturbances, as well as banking and currency difficulties, during the latter period led to executive recommendations in favor of an independent treasury as early as 1837. The first subtreasury law was passed in 1840, but it was repealed the following year. The Independent Treasury system was finally established in 1846, after another period of unsatisfactory experience with State banks. The act establishing the subtreasuries contemplated and temporarily accomplished the complete separation of the Government from the banks. The Government for a time became its own banker; it made collections of revenue, handled its disbursements and transfers, and provided for the safe-keeping of its funds without making use of banking institutions. During the early history of the independent treasury it performed a most important service along these lines. Safety of Government funds was the primary purpose back of its establishment, and it not only met this requirement but also had a stabilizing influence on the currency system.

The Treasury continued to operate on substantially this independent basis until 1861, when, at the outbreak of the

Civil War, the Secretary of the Treasury called upon the banks to assist in placing a Government loan. Two years afterwards, in 1863, the national banking system was established, and national banks began to be used as depositaries and financial agents of the Government to supplement the subtreasuries as keepers of public funds. As the national-banking system developed the independent treasury tended more and more to disappear and the Government's relations with the banks were multiplied. Then, in 1913, came the Federal Reserve Act, under which the Federal Reserve Banks were established, and authorized, when directed by the Secretary of Treasury, to act as depositaries and fiscal agents of the United States. Since that time the Federal Reserve System has become so thoroughly established that not only were the subtreasuries no longer needed by the Treasury in connection with its fiscal operations but the Federal Reserve Banks were already performing many of the functions and duties previously performed only by the subtreasuries. It was natural that the next step should be the final discontinuance of the subtreasury system.

Upon the discontinuance of each subtreasury the assets held therein were checked and examined by a Treasury committee and transferred to the Treasurer of the United States at Washington, to the mints and assay offices, and to the Federal Reserve Bank or branch Federal Reserve Bank located in the respective subtreasury city. It was found in each case to be feasible to transfer moneys and bullion constituting part of the trust funds of the Treasury from the subtreasuries to other Treasury offices, and no such transfers had to be made to the Federal Reserve Banks.

Prior to the discontinuance of the subtreasuries the Secretary had issued under date of August 30, 1920, instructions with respect to the exchange, replacement, and redemption of United States paper currency through the Federal Reserve Banks, and, under date of October 19, 1920, instructions with respect to exchange and redemption of

United States coin, and the performance by Federal Reserve Banks of other duties and functions theretofore performed by the subtreasuries.

Owing to the complete preparations made by the Treasury Department, the closing of the subtreasuries and the transfer of their duties and functions were effected without interruption to business and without interference with the financial operations of the Government. The result has been, on the contrary, the extension of improved currency and coin facilities to the country, including particularly many sections which were inadequately served by the subtreasuries. The location and banking connections of the Federal Reserve Banks and their branches afford a more convenient and natural method for the equitable distribution of paper currency fit for circulation than it was possible to secure through the subtreasuries, and there has already been a decided improvement throughout the United States not only with respect to the con-

dition of the paper currency but with respect to the supply of notes of small denominations.

A material economy has resulted, not only by the reduction in operating expenses effected by abolishing the subtreasury establishments, but also by the elimination of the necessity of keeping with the assistant treasurers working supplies of currency and coin required to enable them to perform their functions, amounting in the aggregate to approximately \$25,000,000. Nor has it been necessary to increase the balances of Government funds held by the Federal Reserve Banks by reason of Government funds held by the Federal Reserve banks by reason of their assumption of subtreasury functions.

Those employees of the subtreasuries who were not eligible for retirement or were not transferred to other Government offices were taken over by the Federal Reserve Banks, at least under temporary employment.



America and the Balance Sheet of Europe*

PROBABLY not elsewhere has there been brought together so much information regarding the economic position of Europe and the problems confronting the world as may be found in the volume by John F. Bass and Harold G. Moulton, entitled "America and the Balance Sheet of Europe." These gentlemen must be credited with extensive and painstaking labor, and they have had the further advantage of studying the European situation on the ground.

The statistical data are copious, and no doubt as accurate as circumstances permit. If for no other purpose, this book should be read for the amount of trustworthy information it contains.

But while unqualified praise may be given to the labor of the authors in bringing this information together, it

is difficult to bestow equal commendation upon many of their arguments.

In the first place, contentions to prove Germany's inability to meet reparations payments might well be "made in Germany" rather than in the United States. Possibly the same ingenuity which Germany displayed in providing the means for launching and maintaining her recent onslaught on civilization might enable her to meet the penalties imposed by the failure of that enterprise. At least, it is not for this country to furnish Germany with excuses for not paying. No help from us seems to be needed in that direction.

Nor are the authors much happier in dealing with the allied debts due to

* The authors of "America and the Balance Sheet of Europe" are John F. Bass and Harold G. Moulton. The publishers are the Ronald Press of New York.

the United States. They advocate the cancellation of the part of these debts owing to the Government. And yet they tell us (page 26): "An individual gets out of debt by paying his debts; and it is the same with a nation."

There seem also other disagreements. For example, it is declared (page 98): "Foreign exchange and foreign trade, monetary inflation and Government finances are the controlling factors in the highly complex and interdependent financial organizations of the twentieth century."

But a different attitude is taken (page 320) in discussing the stabilization of exchange. It is here said that "it is impossible to begin the process of economic reorganization that is conceded to be necessary by stabilizing exchange. That is really putting the cart before the horse. Those who urge the stabilizing of the exchanges as a solution of the world problem have begun at the wrong end. Several things must first be done before stabilization of exchanges can be accomplished; and when these things have been done the exchange situation will in a measure take care of itself."

Some steps considered necessary to an approach toward normal economic functioning are then enumerated.

Does this not lead to the conclusion that the state of the exchanges is not itself a controlling factor but an indicator of unsound conditions, and that when these are corrected the indicator will swing back to its normal place?

An instructive comparison is made (page 106) between the prices of agricultural commodities in the United States and the prices of other commodities. The former are reported as about 13 per cent. higher than the 1913 figures, while household furnishing are still about two and one-half times the pre-war prices, prices of building materials about double those of 1913, and a number of other groups in excess of 50 per cent. above the pre-war level. The consequences of this situation are thus pointed out (page 107): "If agricultural prices remain at or near their present levels, the resulting low purchasing power among the farmers of

the world will in the end drag the prices of the other groups of commodities down close to the same level. A lagging demand for the products of manufacturing industry throughout the vast agricultural areas of the country will exert a persistent pressure for a continuance of the process of industrial and labor liquidation."

How little people understand the real effects of the war is thus forcefully stated (page 133): "It is one of the most amazing illustrations of the practical universality of economic ignorance that most people should have confidently believed that four years of concentrated wealth destruction had placed the world in a position to expand its scale of consumption. The bitter truth has not even yet come home to more than the merest fraction of the world's population, that the war means lower standards of living for the world as a whole for at least a generation. Until this truth does penetrate the masses of mankind, there is little hope of checking the progressive reduction of wealth-producing power that is now occurring."

Passing by the familiar economic difficulties in the way of collecting the allied debts, it will be interesting to note these "moral reasons" (page 330):

"There is, moreover, another reason why we should cancel the greater part of the allied indebtedness. By so doing we can both regain our traditional reputation for fair dealing, and promote a new spirit of co-operation in the solution of world problems. The truth is that the greater part of the European debt was contracted between the date of our entrance into the war and Armistice Day. Unable to place large armies in the field, we were nevertheless equipped to furnish the supplies and munitions of war, without which the allied armies must have succumbed before American man power could have been placed in the field. Every consideration of squareness and fair dealing requires that we count these loans as a part of our contribution to the war. There is no more reason why we should charge the Allies for the materials and supplies required than for the cost of our army, or for the loss of our men after they

actually got into the field—unless, indeed, we prize our dollars more than we do our flesh and blood.”

But the authors' generosity does not stop here. They propose to make a gift of some of our gold to the European nations whose currencies are depreciated. In discussing means for restoring the gold standard in Europe, it is said (page 348): “A second method would be to ask the United States and neutral nations having excess gold to give or loan this gold to the nations requiring it. Details need not be considered here.”

It is perhaps just as well that the details of this magnificent adventure in generosity are omitted.

The summarized proposals of a reconstruction program are here given:

I. The Fundamental Economic Requirements

1. Domestic production must be increased in every country.
2. Balanced international trade must be restored.
3. The gold standard must be restored.
4. National budgets must be balanced.

II. What Europe Must Do

1. Reduce reparation demands and cancel inter-European war debts.
2. Eliminate the tariff and trade barriers set up in the new countries of central and eastern Europe, and restore international transportation routes.
3. Reduce tariff and trade restrictions in western Europe, and abandon governmental support to national combinations for export trade and foreign exploitation.
4. Repudiate the vast bulk of the issues of paper currency and domestic bonds in central and eastern Europe, and reduce the paper circulation in the nations of western Europe.
5. Balance national budgets in all European countries,

through a reduction of interest charges on Government debts, Governmental economy, and especially disarmament.

III. What the United States Must Do

1. Cancel allied debts to the United States Government.
2. Lower our own tariff duties.
3. Contribute a portion of our gold reserve for the restoration of the gold standard in Europe.
4. Make some additional loans for purely reconstructive purposes.
5. Reduce armaments.

Space does not permit the examination of these proposals in detail. Of one of them it is said (page 354):

“Disarmament—thorough-going reduction of the naval and military establishments of the world—is the only certain means of preventing far-reaching economic and social disaster. No mere curtailment of the rate of increase of armaments, or limitation of military expenditures to their present appalling totals, will suffice to balance European budgets and place the world once more on the high road to economic prosperity. Disarmament is an imperative necessity. The road to disarmament lies through Paris. Unless and until France is given some sort of genuine assurance that she is not to be left to the mercy of a revengeful Germany there can be no general reduction of military expenditures in Europe. An association of nations alone will make possible any effective guarantees, and in consequence any substantial alleviation of the burden of militarism.”

It is stated (page 357) “that there is no possibility of accomplishing the ends desired without an association of nations. But an important part of this program, specifically that relating to disarmament, has been begun at Washington, and economic measures are to be further acted on at Genoa, and without the indispensable association of nations.

Have not the authors more correctly stated the case on page 131?

“More than anything else the co-

operation of relatively strong governments, such as those of Great Britain and the United States, is required in promoting peace and re-establishing trade and industry."

Here is a natural line of co-operation, as distinguished from the artificial and heterogeneous League of Nations, and it seems thus far to be functioning with smoothness and efficiency.

"America and the Balance-Sheet of Europe" is a thought-stimulating book that should shock Americans out of their indifference to problems that are vital to our national prosperity, and that will help to dispel the easy optimism with which too many of us are prone to regard a situation still fraught with grave economic and political dangers.



The Triumph of Good Will

THEODORE GARDNER SMITH, senior vice-president of the Central Union Trust Company, of New York, writing on "The Triumph of Good Will" in the latest number of *Central Union Topics*, the monthly publication of the Central Union Club, stresses the change that is taking place in the spirit of the world and declares that the voice of a new generation has spoken.

"It is certain that there can be no Peace, except that which is based upon good will, and I am disposed to think that men of good will are in the way of gaining the eventual ascendancy over human affairs, affairs domestic and foreign, affairs national and international. I do not underestimate the quantity of sheer malevolence and ill-will, which has figured in human fortunes, and is still to be reckoned with; neither do I underestimate the difficulties that the world will have to go through, but what I count of most importance at the moment is the evidence which day to day history is furnishing of the working of the spirit of benevolence—'good will.'

"There can be no assured peace among men, except as good will prevails. Mankind may not have lived long enough on this earth to have learned the lesson of his past, with its tragedy of anger, of hates and fears, of greed, prejudice, envy, malice and distrust, but it does look as though we were at the beginning of better things. If there

has at last dawned on man a realization of what he can achieve through good will, that will which applies the Golden Rule of doing to others that which we would have them do to us, then the day may not be far distant, when history will draw a red line under man's tragic past, the line that closes the account of war and marks the opening of the account of Peace.

"Let us regard the present and the future in the light of this new hope, which is rising on man's horizon. We all can see the huge, disquieting outlines of the problems which loom before us, problems so difficult as to deserve to be called stupendous. Their solution will require a world of good will, but as men turn to good will and proceed to accomplish the works of peace, they create for themselves the conditions which render the solution of all problems relatively easy, and no difficulties can present themselves as an occasion for despair. It takes peace to enable understandings to be reached, but as approach is made in the spirit of good will to every attempt at understanding, in all the fields of man's endeavor, political, financial, commercial and social, we can be sure that the task of reaching an agreement on every subject will be a lighter burden, and new values will appear to reward the efforts of men, and there will be a new sense of security in our civilization."

Some Bank Credit Problems

The Bankers Magazine has secured the services of a capable bank credit man to answer the inquiries of readers on current problems of the credit manager. Questions of general interest to credit men and bankers will be answered and only the initials of the person asking the question will be used. In case the question is not one of particular interest to bank credit men as a whole or one which has been answered before, a reply will be made by mail.

In order that all questions may be answered intelligently, it is requested that they be direct and to the point but that sufficient necessary detail be included to enable the editor to draw the proper conclusion. Inquiries should be addressed to the Editor, Bank Credit Problems, The Bankers Magazine, 253 Broadway, New York.—Editor.

QUESTION: In passing upon a credit risk, is there a definite ratio of bank lines to working capital which can be considered normal? In other words, would you as a bank credit officer loan a commercial customer a sum of money equal to possibly 75 per cent. or 100 per cent. of his working capital or would you limit his borrowings from your institution to a smaller amount?—A. R.

ANSWER: Your question is one which must necessarily be answered in generalities, and we very much doubt if there is any general rule which can be laid down. Every credit risk must be based and judged upon the merits of the case, and the mere fact that a certain amount of working capital is in evidence, is not in itself sufficient reason for loaning money. Nearly all credit men agree that the element of character is the first requisite in establishing a borrowing connection. If the client has a poor character and a dishonorable record of one kind or another, it is never advisable to extend credit except with the best kind of collateral. The second consideration is ability and experience. No matter how reputable a character the prospective borrower may have or how much financial responsibility, his chances of success are quite doubtful if he or his close associates have not had at least a fair amount of experience in the particular business in which they are engaged; or unless, of course, they show marked ability along that line. Assuming, therefore, that the elements of character, ability and experience are in evidence, we may look into and analyze the financial strength of the business. Should the business be a very new one, it is fairly probable that a considerable portion of the paid in capital would be on hand and it would hardly be necessary to borrow at the very beginning. In fact, as most banks require that certain balances be carried for a time as a basis for the granting of accommodation on a discount basis, it is seldom the

case that borrowings are instituted at the very inception of the business. Later on, say in six or eight months or after the business has made some headway, and after a trial balance or statement has been drawn off, it is without doubt permissible to seek bank accommodation. If the proposition is found to be a clean cut one, as we have assumed, and checkings in trade and possibly competitive circles are entirely satisfactory, the banker should be willing to encourage the business by granting a moderate line of credit. No general rule can be laid down as to the amount, but if the proposition is a small one, with a working capital of less than \$50,000, the parties should no doubt be held to a line of 10 per cent. or 15 per cent., at least for the time being. Too large an amount of accommodation might cause the principals to spread out unduly or incline them toward speculation, and until the business, therefore, is on a firmly established basis and making moderate headway, the banker should be very conservative in his commitment. As there are many more failures, proportionately, among smaller business concerns than large ones, and as it seems easier for a small concern to become involved and impair its capital because of sudden adversity than a large one, it is somewhat generally believed that the total bank lines of a concern having a working capital of approximately \$100,000 should be limited to about 50 per cent. If the business is a particularly staple one, the merchandise not subject to marked depreciation, and all essentials of a good credit risk in evidence, some bankers might be inclined to assume this 50 per cent. credit risk. Others, of a more conservative nature, however, would no doubt prefer that the concern have two borrowing connections and that each bank loan up to 25 per cent. of the working capital. Assuming that the borrower has larger resources and a working capital of several hundred thousand dollars, it is not uncommon for bank lines to equal or even exceed 100 per cent. of working capital. The risk in such a case would be split up among several banks and probably none of them would have commitments of more than ten or twenty per cent. The fact that a concern has bank lines of 100 per cent. does not mean that the full amount of accommodation would be in use at all times, and in fact it would very probably happen that one bank would be used while the borrower was cleaned up at

another institution. Also, in case the percentage of 100 per cent. included funds obtainable through the services of a commercial paper broker, it would be very essential for the borrower to have open bank lines sufficient to care for all commercial paper outstanding at any time. The reason for this is that in case the broker was unable to "float" new paper when certain notes matured, the customer would have his banks to fall back upon. In case all bank lines were in use at the time the borrower might find himself in a predicament which could not be easily righted. As mentioned in the foregoing no definite ratio of borrowings to working capital can be laid down, but unless a concern is in a particularly staple line, or unless the business itself requires particularly large borrowings at times because of its seasonal nature, it would seem desirable to limit total lines to 100 per cent.

QUESTION: Is it advisable for a banker to ask a borrower for a trial balance, and if so, should it be set up on the regular statement analysis form?—E. S. B.

ANSWER: It is generally believed that where a customer has but a moderate net worth, has been a rather steady borrower, and considerable time has elapsed since receipt of last statement, that a request for a trial balance can be made. A trial balance has been described as merely a list of the respective debit and credit balances, as the case may be, of all the various ledger accounts, remaining open at the time. In other words, none of the nominal accounts, such as wages, interest, sales, et cetera, has been closed out into profit and loss account, and items such as merchandise inventory, capital and surplus, or net worth if a partnership, remain on the books at exactly the same figures as of the previous statement date. Practically the only figures in a trial balance, therefore, which can be of particular interest to a banker are cash, receivables, and notes and accounts payable. The merchandise item can of course be approximated by the customer with a fair degree of accuracy, should he care to do so. By analyzing or setting up the foregoing items on the statement analysis form, the credit man can obtain a sufficient idea of the net quick asset position of the concern to enable him to pass upon any moderate loan in question. In transferring a trial balance to the bank statement analysis form, some banks follow the practice of including all items thereon, such as wages, factory expense, insurance, etc. Although these items are expenses of the business and are of

course found in the debit column of the trial balance, along with the assets, that are nevertheless *not* assets, and later on in the process of closing the books are eliminated into profits or loss and finally reflected in the net worth. If these items are set up on the statement analysis form among the assets, they more or less take on the appearance of assets, and anyone glancing over such figures in a cursory manner might be mislead or at least not benefited by seeing them. A banker can obtain some idea of how business is being run by studying over the various operating items in a trial balance, but the fact that they are set up on a statement analysis form is of little or no assistance. Cash, receivables, estimated merchandise, and quick indebtedness are the principal items to be set up. The giving of a trial balance from time to time may have somewhat of a moral effect on a customer, as he is really placing a financial synopsis of his business before the banker, and is not exactly sure how such figures will be interpreted. Also, he will seldom give such figures if he has anything to conceal. One manufacturer was recently heard to remark that he might as well go out of business as to give a trial balance at the particular time.

QUESTION: In analyzing a balance sheet, is it proper to include the item of supplies among the quick assets? If not, please state the reason therefor.—A. F. D.

ANSWER: Supplies are not ordinarily included with the quick assets. During the course of the year's operations they are usually charged off into profit and loss, as part of the expenses of the business, and any which are remaining at the end of the year can hardly be considered in the class of quick assets such as cash, receivables, merchandise or Liberty Bonds. Quick assets, as the name implies, are those that can be liquidated at about one hundred cents on the dollar in case of trouble, and a conservative credit man should not include therein any item whose quick nature is in doubt. The item of supplies is ordinarily very small and its treatment one way or another does not seriously affect the current ratio. Where the amount is large, however, and the current ratio might be seriously lowered by the exclusion of this item from the current assets, it might be well to make somewhat of an investigation into the nature of these supplies. Should it be found that they consist of unused paper of a marketable quality such as is used for catalog or other purposes, good lumber in its original

condition or possibly coal or staple articles of hardware, it might be permissible to class these articles, or a certain percentage of them, as quick. However, this should not be done unless one is very sure that there is a fair market for the supplies in question. As a general rule, the credit man should class supplies among the slow assets.



Devotes Volume to Discussion of Federal Reserve System

THE January volume of the *Annals of the American Academy of Political and Social Science* is given over entirely to a discussion of the Federal Reserve System—Its Purpose and Work. At the end of seven years of operation, during which the Reserve Banks were put to the severe test imposed by war conditions, the Reserve System is little understood by business men. The operations of the Reserve Banks, and particularly their relations to member banks, are apparently greatly misunderstood. The purpose and spirit of the Reserve Act is plainly not comprehended by a great majority of people. Among these must be included members of Congress and leaders of various farm organizations. The conclusion as to this apparently general misunderstanding of the System is warranted by the suggestions and plans for changing or amending the Reserve Act by adding provisions not in harmony or entirely out of harmony with the spirit of the law and the plans and intentions of its framers.

The volume of the *Annals* has a timeliness which lifts it out of classification as academic. The articles are written by men practically familiar with Reserve Bank operations or by economists who have made particular study of the questions discussed. It is, therefore, a work of high authority and is so nearly up to date that the current operations of the War Finance Corporation are

considered in their relations to the operations of the Reserve Banks. The rediscount rates of the Reserve Banks are considered in their relation to and effect on business. There is an article on the "Popular and Unpopular Activities of the Reserve Banks." Another gives a study of agricultural and commercial loans by a Reserve Bank.

The volume is divided into sections. The first section, "Before the Reserve Act," gives an outline of banking history in the United States, and the causes that led up to the demand for banking reform. The "Studies of the National Monetary Commission" and the succeeding movements, including the story of the Federal Reserve Act in Congress, are other articles, with the operations of the Aldrich-Vreeland Emergency Currency Act as a concluding article in the section.

In Section II—"The Purposes of the Federal Reserve Act" are two articles. One is "The Reserve Act in its Implicit Meaning," and the other "The Purposes of the Federal Reserve Act as shown by Its Explicit Provisions."

Section III is devoted to the operation of the System.



"Excerpts from New York Banking Laws"

MARWICK, MITCHELL & CO. of New York have published a handy pocket edition of "Excerpts from Banking Laws of the State of New York." It includes all important amendments to the duties and responsibilities of directors, trustees and officers up to the close of the session of the New York State Legislature, which adjourned on April 16, 1921.

A memorandum of the sections which are of special interest to directors and trustees is included in front of page 1, a complete index following the text.

Concerning Calendars

THE customs of other days and the pictures of such a "grown-up" city as New York when it was "young" will always interest the present generation. The Chemical National Bank of New York has used such a theme on its calendar for 1922, in showing views of New York as far back as one hundred years ago. The incidents presented are chosen from the published history of the bank, which is now being revised for the one hundredth anniversary in 1924. The pages of the calendar reproduced here trace the history of the bank from its organization in 1823 to its present location in downtown New York.

This is the first year that the Chemical Bank has issued a calendar, and the department of publicity has aimed to make it of historic and artistic interest without any of the usual marks of an advertisement. It is entirely the product of the Chemical staff, every detail having been worked out carefully by them.

The aim of all banks is to have a calendar that will fit into the needs of the office or home and will stand out among the numbers of calendars that are re-

ceived at the first of every year, as the most useful or most artistic. The Irving National Bank of New York has issued a large business calendar which particularly suits the needs of an office. The National Shawmut Bank of Boston has always used a single page calendar on which all the months can be readily seen. This is very useful for those who must refer constantly to other months of the year. The Bohemian Industrial Bank of Prague, Czechoslovakia, has issued the same kind of calendar.

The Union National Bank of Philadelphia and the United States Mortgage and Trust Company of New York have followed their usual custom of reproducing paintings of great moments in American history. The former has used the painting of "Washington Presenting His Credentials to General Braddock" and the latter "The Dawn of the Republic," depicting General Washington in winter quarters at Valley Forge.

The Banque d'Hochelaga of Montreal, among other banks, has reproduced a photograph of the bank.

The aim of having a calendar as an





1832
New York's First Railroad

JOHN MATHER, President of the Chemical Bank, was President and Treasurer of building New York's first railroad in 1831. From Prince George to Poughkeepsie, the first road ran, first transporting another one of which was named "John Mather."

John Mather was also one of the organizers and a trustee of New York's first savings bank established thirteen years before "the preservation of property." He is typical of the Chemical's pioneer spirit in building City, State, and Nation.

THE
CHEMICAL
NATIONAL
BANK
OF NEW YORK

MAY 1922							JUNE 1922						
SUN	MON	TUES	WED	THURS	FRID	SAT	SUN	MON	TUES	WED	THURS	FRID	SAT
1	2	3	4	5	6		1	2	3	4	5	6	7
7	8	9	10	11	12	13	8	9	10	11	12	13	14
14	15	16	17	18	19	20	15	16	17	18	19	20	21
21	22	23	24	25	26	27	18	19	20	21	22	23	24
28	29	30	31				25	26	27	28	29	30	

FOUNDED IN 1824



1837
Good as Gold

From the First Fair of Gold in 1837

JOHN MATHER, President of the Chemical Bank, was President and Treasurer of building New York's first railroad in 1831. From Prince George to Poughkeepsie, the first road ran, first transporting another one of which was named "John Mather."

John Mather was also one of the organizers and a trustee of New York's first savings bank established thirteen years before "the preservation of property." He is typical of the Chemical's pioneer spirit in building City, State, and Nation.

THE
CHEMICAL
NATIONAL
BANK
OF NEW YORK

JULY 1922							AUGUST 1922						
SUN	MON	TUES	WED	THURS	FRID	SAT	SUN	MON	TUES	WED	THURS	FRID	SAT
1	2	3	4	5	6	7	1	2	3	4	5	6	7
8	9	10	11	12	13	14	8	9	10	11	12	13	14
15	16	17	18	19	20	21	15	16	17	18	19	20	21
22	23	24	25	26	27	28	22	23	24	25	26	27	28
29	30	31					29	30	31				

FOUNDED IN 1824

advertisement is to have the name of the bank before the client throughout the entire year, and such an aim is certainly fulfilled in the memopad desk calendar which is distributed by the Equitable Trust Company of New York. The Hamilton Trust Company of Paterson, N. J., has also used this idea, varying it only in having one

page of the calendar show a full week, with a blank space for each day's memorandums. This makes a very useful calendar for the housewife.

This bank, besides its large calendar, has issued a small one, about two by three inches, in a very attractive color scheme. It makes a useful little desk calendar, and is more likely to be placed



1857
"Old Bullion"

As the result of the Panic of 1857 when the Chemical was the only bank that continued to accept deposits, it was the first to be called "Old Bullion."

At ROBERT McCORMICK's corner, across the banking room, he has the people who have been a part of the bank's history.

"What is the matter, Mr. McCormick?" asked Mr. McCormick.

"Why, we have a lot of bills on our hands."

"Oh, give the old lady the gold if they cannot redeem their promises to pay, we'll be in the bank."

And the banker name of "Old Bullion" has been applied to the Chemical ever since.

THE
CHEMICAL
NATIONAL
BANK
OF NEW YORK

SEPTEMBER 1922							OCTOBER 1922						
SUN	MON	TUES	WED	THURS	FRID	SAT	SUN	MON	TUES	WED	THURS	FRID	SAT
1	2	3	4	5	6	7	1	2	3	4	5	6	7
8	9	10	11	12	13	14	8	9	10	11	12	13	14
15	16	17	18	19	20	21	15	16	17	18	19	20	21
22	23	24	25	26	27	28	22	23	24	25	26	27	28
29	30	31					29	30	31				

FOUNDED IN 1824



1922
"In the Midst of Things"

In the heart of Greater New York stands the Chemical National Bank, Union. In the heart of City Hall, one of the City's most famous of the big metropolitan cities, stands of every money and commercial, and the big commercial heart of the City.

A commercial bank in the beginning, a commercial bank now producing every business of a bank.

THE
CHEMICAL
NATIONAL
BANK
OF NEW YORK

NOVEMBER 1922							DECEMBER 1922						
SUN	MON	TUES	WED	THURS	FRID	SAT	SUN	MON	TUES	WED	THURS	FRID	SAT
1	2	3	4	5	6	7	1	2	3	4	5	6	7
8	9	10	11	12	13	14	8	9	10	11	12	13	14
15	16	17	18	19	20	21	15	16	17	18	19	20	21
22	23	24	25	26	27	28	22	23	24	25	26	27	28
29	30	31					29	30	31				

FOUNDED IN 1824

in a spot in the home where it will constantly be referred to than is a large calendar, which is useful in the office, but too large for the home.

Some banks this year have followed the plan of sending out cards to their patrons, notifying them that they have a calendar for them at the bank, if they wish to call for it or have it sent to

them. If thought is given to the calendar selected, this saves waste by sending them only to persons who will want them. If the calendar appeals to the individual because it supplies a particular need, he will be glad to take the extra effort to get it and be more likely to retain it when it comes to the home or desk.



The Farming Interests of the United States

Views of President Harding and Senator Capper

IT is the belief of some of the most thoughtful observers of present conditions that there can be no return of prosperity until the farming interests of the United States are more fully cared for. The views of President Harding and of Senator Capper of Kansas, presented below, will therefore be found of special present interest.

From the President's annual message:

Something more than tariff protection is required by American agriculture. To the farmer has come the earlier and the heavier burdens of readjustment. There is actual depression in our agricultural industry, while agricultural prosperity is absolutely essential to the general prosperity of the country.

Congress has sought very earnestly to provide relief. It has promptly given such temporary relief as has been possible, but the call is insistent for the permanent solution. It is inevitable that large crops lower the prices and short crops advance them. No legislation can cure that fundamental law. But there must be some economic solution for the excessive variation in returns for agricultural production.

It is rather shocking to be told, and to have the statement strongly supported, that 9,000,000 bales of cotton raised on American plantations in a given year will actually be worth more to the producers than 13,000,000 bales would have been. Equally shocking is the statement that 700,000,000 bushels of wheat raised by American farmers would

bring them more money than a billion bushels of wheat raised by American farmers would bring them more money than a billion bushels. Yet these are not exaggerated statements. In a world there are tens of millions who need food and clothing which they cannot get, such a condition is sure to indict the social system which makes it possible.

In the main the remedy lies in distribution and marketing. Every proper encouragement should be given to the co-operative marketing programs. These have proven very helpful to the co-operative communities in Europe. In Russia the co-operative community has become the recognized bulwark of law and order, and saved individualism from engulfment in social paralysis. Ultimately they will be accredited with the salvation of the Russian state.

There is the appeal for this experiment. Why not try it? No one challenges the right of the farmer to a larger share of the consumer's pay for his product; no one can dispute that we cannot live without the farmer. He is justified in rebelling against the transportation cost. Given a fair return for his labor, he will have less occasion to appeal for financial aid; and given assurances that his labors shall not be in vain, we reassure all the people of a production sufficient to meet our national requirement and guard against disaster.

The base of the pyramid of civilization which rests upon the soil is shrinking through the drift of population from farm to city. For a generation we have been expressing more or less concern about this tendency. Economists have warned and statesmen have deplored. We thought for

a time that modern convenience and the more intimate contact would halt the movement, but it has gone steadily on. Perhaps only grim necessity will correct it, but we ought to find a less drastic remedy.

* * * *

Speech of Senator Arthur Capper of Kansas, United States Senate, December 20:

Mr. President, I listened with great interest yesterday and today to the discussion of the bill which proposes to place a farmer on the Federal Reserve Board. I am heartily in favor of the measure. I favor it not only because I know it will be helpful to the agricultural interests of the country but because it would be for the best interests of the whole country. I think if we had had on the board a big, broad, fair-minded farmer, a man who had an intimate knowledge of conditions as they actually existed in the West, the farmers and stockmen of the Middle West would not have been compelled to dump their grain and live stock on the market a year ago at the most critical time and compelled to take ruinous prices.

The farmers of the country, and more especially the agricultural organizations of the country, are deeply interested in this measure and anxious to see it passed. In resolutions adopted only a couple of weeks ago by the annual convention of the National Farmers' Union, held at Topeka, an organization which has a membership of almost a million, I find this declaration:

"We demand an equitable pro rata representation of agriculture on the governing boards of the Federal Reserve banking system as a means of converting a great necessary agency that has become a banker's bank into a financial institution to serve all the interests of all the people."

Among other interesting declarations in this report from this important convention held in my home city I find this:

"We desire to express our appreciation of the interest shown by those members of the House and Senate who have formed an agricultural bloc in Congress for the many things they have thus been able to do for the farmers of the United States, especially the revival of the War Finance Board."

Mr. President, doubtless it has been observed that eastern newspapers and eastern business men are viewing the so-called agricultural bloc in the Senate and House with some disfavor. Frequently the "bloc" is referred to by them as a "menace to good government," as "setting the interests of the few against the welfare of the many," as "demanding special privileges in legislation for the class it represents," and so forth.

Also, may have been noted, Mr. President, the letter from Otto Kahn, Wall street banker, summoning "business men" to

rally round the American business men's committee and save the country from the machinations of the farm bloc. In it Mr. Kahn disclaims any intent to form a business bloc where, I assume, it has long been popularly supposed that business sat on the right hand of government.

Bache's Review, published by a Wall street banking house, prints a long blast against the "bloc" because this group of men gave their support to the Republican majority which enacted the tax bill.

Mr. President, I doubt if one can imagine how strangely all this reads to many people in the West who have long ago accepted the idea that big business and finance is an established, highly powerful, highly efficient political factor at Washington.

However, the critic who has astonished the country with his criticism is the chief of the War Department, Mr. Secretary Weeks, in his recent speech to New York business men. In a general attack upon a Congress whose achievements are considered somewhat epochal, not only did the Secretary of War find nothing good to say of any of the constructive measures enacted at the extra session in behalf of the farming industry and approved by signature of the President, but he condemned much of it as unsound economically, one must infer, because it was introduced by the so-called farm bloc.

It may be said, and I think it should be said, that the country, as a whole, as well as the President, the Secretary of Agriculture, and many other persons fully competent to pass on such matters and speak with authority, hold quite the contrary opinion to that of Mr. Weeks. Many of them have said that the best thing the last Congress did was to pass these desperately needed measures.

Some of this adverse comment against the bloc might be considered not without its tinge of humor were it not so beside the point, within the shadow of a very real national calamity—the collapse of this country's most vital industry, a collapse from which an unusually well-informed Secretary of Agriculture says it will take at least five years to rally. Agriculture is sick, and when agriculture is sick business invariably will be found ailing.

In the shadow of such a national calamity, are differing opinions in regard to the merits of a tax bill which probably will be superseded within the coming year so vastly important?

At least in the case of the larger issue, Mr. President, it would seem that East and West are vitally and equally concerned; that here at least we have interests in common, and stand, or should stand, on common ground.

The Nation should rejoice that at this time it has a President so wide awake to the needs of agriculture as is President Harding. His recent message to Congress was an impressive statement of the require-

ments and an indorsement of the farm bloc's relief program.

Mr. President, I think it can be shown that the so-called farm bloc is not attempting bulldozing methods to obtain legislation, but rather that it is doing its manful best to get needed things done, and as speedily and as well done as possible.

AIMS OF THE AGRICULTURAL BLOC

Speaking as one of this group interested, I can say that it has no desire to hold up Congress, nor anybody else; that its program is, first of all, directed toward bettering the general welfare; that it has worked in the open and has not attempted to interfere in any way with other programs. In the circumstances, then, it should not be so very difficult to convince eastern business men that the so-called bloc really is rendering the country a greater service at this time than any other group of men.

Business has lost billions by permitting speculators to prey on American farmers. It is losing other billions today because it will not demand that farmers be given a square deal. Would it not be better to have the "bloc" than to have everything blocked? The most frequent criticism of Congress that we hear is about its inaction or failure to get things done. As I understand it, what the people want is results from Congress. It is this compelling need of getting results that has brought the so-called agricultural bloc together and has inspired all its activities.

I feel certain if these critics knew the actual conditions in rural America as the members of this group know them, and if they were in touch with what these men are trying to do, all opposition to its efforts would cease. Notwithstanding what these critics may say, the agricultural group has never asked for class legislation. It has never attempted to dictate to the majority. We who are of it have simply united our efforts for measures that we knew were for the good of the country as a whole.

When an \$80,000,000,000 industry capable of supplying the Nation annually with \$22,000,000,000 of new wealth and fifty per cent. of its bank deposits is well-nigh prostrate, it would seem that rescue parties might better be hailed with joy than viewed with alarm, also that whatever will promote the primary industry of food production might well be thought as of the common good rather than as class legislation and a menace.

Statistics running back half a century show that business failures generally vary in number in inverse ratio with the money value of crops per acre in the preceding year. When crop values are high, business failures the following year are few, and vice versa. This year, following an equally disastrous year in 1920, farmers are getting from 80 to 90 cents in their local market for wheat which cost them \$1.37 to produce, and from 20 to 25 cents for corn

which cost then 60 cents a bushel to grow. The live-stock farmer is a still heavier loser.

Within the last five years in one Kansas county hogs have decreased from 33,000 to little more than 15,000, while the corn acreage is seventy per cent. less than six years ago. I have these figures from the county farm agent of the state.

The president of the Oklahoma State Board of Agriculture says Oklahoma has 48,000 farms without a steer on them, and that Oklahoma has 800,000 fewer stock cattle than in 1909.

Stocks of cured beef on October 1 were the lowest ever reported to the Bureau of Markets, being 4,000,000 pounds less than a year ago; 17,000,000 pounds less than the five-year average. These are Government figures. It looks as if very shortly beefsteak will, indeed, be beefsteak.

But what I fear most, Mr. President, is that as a Nation we are regarding the present condition of agriculture merely as a passing effect of the World War, not as the culmination of long-standing conditions adverse to the economic health of this industry which the war has only intensified and hastened.

One of the most successful and respected farmers in the United States, J. R. Howard, president of the American Farm Bureau Federation, has declared that one and a half millions of the six million farmers of the country would today be insolvent if compelled to meet their obligations.

A farmer who has really farmed writes me:

"Every colt, hog and steer I raise costs me more than I get for it; most of my wheat cost me more than I was paid for it; the taxes on some of my land are more than I can get off the land."

IMPORTANCE OF AGRICULTURE TO THE NATIONAL PROSPERITY

Mr. President, this decline of our agricultural industry has been going on in every agricultural State, and yet this Nation today would be flat on its back if it were not for agriculture and this year's crop. Sold at a loss, as these crops have been, when marketable at all under the excessive freight rates, they have been the cause of an enormous amount of newly created wealth changing hands. What money the farmer gets flows to the cities for his supplies, and so the Nation's business is kept alive. How much better business can be, or will be, depends on agriculture and the opportunities it has to prosper and make progress.

Here, Mr. President, is the true reason why we have a group of men in Congress sometimes called the "farm bloc." Our entire business structure rests upon the land. The farmer not only feeds us and clothes us, but is as a class our best customer. Without him the railroads would languish, the steel industry perish. Unless the farmer

and the farm industry prosper, no other industry can. This is the task these Representatives and Senators from the agricultural States feel they have cut out for them. They will welcome help and support from any direction. This is a manifest duty they owe to the entire country, not merely to their constituency, for no one is going to escape the consequences of this collapse of agriculture. It now is only a question of ending it as soon as possible and, if possible, for all time. I know that this is possible, just as I know that it is imperative if we are again to know the meaning of good times.

The measures supported by the "agricultural bloc" are not proposals to give the farmer something for nothing, nor are they class legislation. They are the remedies urged by economists and students of agriculture, and, above all, by the farmers themselves to uplift this fundamental industry to a place where it will be a blessing to the country because it is self-sustaining and prosperous.

Mr. President, I would not have you believe that the agricultural situation is hopeless. I see many indications of improvement, and the helpful legislation passed at the special session of the Sixty-seventh Congress undoubtedly has aided in bringing about the change for the better. The revival of the War Finance Corporation has helped wonderfully to put the farmer in a more confident and optimistic frame of mind. President Harding's sympathetic attitude toward agriculture has been another encouraging factor. The producers of the West have undoubtedly reached the lowest ebb of their economic status and there is an evident tendency toward an upward trend.

But the farmer is still in need of the Government's best attention. He must have relief from the unequal price level which has been the source of his greatest discouragement. He must have still further reduction in freight rates, for agriculture as well as commerce and industry has felt keenly the paralyzing effect of excessive transportation charges. Then, too, we must give the farmer more flexible personal credit accommodations and a banking system adequate to rural needs.

Mr. President, nobody can impartially study the history of agriculture and conclude that it has not been sorely neglected. It has "just grown." For a century and a half nearly everything we have done, every system we have contrived in marketing, transportation, and banking, has been built to fit the development, happiness, and profit of city life. A Department of Agriculture and a few agricultural colleges have been considered adequate to meet our obligations to agriculture. And so they would if all that agriculture needed was advice; but it needs to grow and prosper in organized efficiency like the rest of the modern, highly organized world.

For more than a generation the American farmer has been awake to his isolated situation and has been struggling to mend it. When the after-war collapse occurred, it was the farmer who was without the organization and machinery to protect himself, and saw his products made the football of speculation and gambling.

FARMING BUYS RETAIL, SELLS WHOLESALE

Mr. President, farming is the only business left that buys at retail and sells at wholesale; that pays what is asked when it buys and accepts what is offered when it sells. The farmer remains merely a producer of the necessities of human life. After he has produced them other organizations take them over at their own price for distribution. This is true of no other important industry. The producer gets but one-third of every dollar paid by the consumer for the products of the farm. Our expensive and antiquated marketing system takes the other two-thirds.

The commercial marketing and distributing agencies, well supplied with credit and closely linked with a highly organized industrial system, do not, like the farmer, dump their products after they have passed into their hands in a heap upon a congested market. With their facilities for nicely adjusting supply to demand, the middlemen, by means of the warehouse, the elevator, and cold-storage plant, and the grain and cotton exchanges, feed out the world's food supplies as demand calls for them. During the entire year they obtain what the products are fairly worth. The farmer gets only a third as much, and sometimes less.

Farming being too hazardous a business to be longer maintained at the mercy of glutted markets during every crop season and of organized buyers, in self-preservation the farmers of the United States are turning to self-organization, to dispose of their products; and to the control of elevators and of warehouses to market their own products and be represented on exchanges.

In his recent message to Congress, President Harding gave his unqualified approval to co-operative marketing legislation. Convinced that farm co-operation is desirable, a former Congress, by an amendment of the Federal trade act, undertook to release farm co-operative societies from any suspicion of attempted monopoly by exempting combinations "not for profit" from the scope of the antitrust act, which are intended to control wholly different forms of organization. Because this amendment proved ineffective, the Volstead-Capper bill, now being pressed by the agricultural group, authorizes and validates farm co-operation.

Mr. President, in farmer co-operation the amount of stock to any one stockholder is limited, the co-operative project is limited, and the stock dividends are limited to a fixed rate having no relation to the earnings, as in a corporation, but having regard to

the ruling rate of interest for money or capital. It is by these limitations that the farm-marketing enterprise is protected against control by a few, and the vital co-operative spirit maintained. In farmer co-operation capital and labor are one. The dividends are rated on the product contributed, not on the capital invested.

We have discovered that middlemen organizations to prevent the rise of farm co-operative marketing are attacking local co-operative organizations of farmers in the counts for violation of the antitrust acts. The co-operative movement has long been obstructed and discouraged by these interests.

Danger of an agricultural monopoly through co-operation is not seriously urged, except for political purposes by special interests. Europe has proved that under farmer-co-operative enterprises an agricultural trust is impracticable and is contrary to all co-operative experience. Farm co-operation has not been successful in Europe nor in the United States, where the members are widely scattered, or where they are engaged in producing different products. Least of all is the American farmer likely to lose his individualism. Unless modern agriculture is to be taken over bodily by big business and great trusts, what it needs and must have to survive is farmer co-operation. There is not an economical nor an authority on agriculture who believes the methods of the corporation will do for agriculture. Every farm is a unit, and these widely separated units producing a variety of products can not be welded into a corporate aggregation.

While the American farmer leads the world in production per man, this Nation stands alone in the world in its inhibitions against farm marketing co-operation. In asking for the removal of legal obstructions to farm co-operation and to placing of the American farmer on the same footing as his competitor in every other country on the globe, the "agricultural bloc" is not asking special class legislation. The American farmer can never be an efficient salesman of his own products without the clear legal right to market them collectively, as given him in the Volstead-Capper bill.

It is not a belief but a conviction from which I can not escape that the farmer must be put on an equal footing with the man who buys his products or he will invariably get the worst of it. In clearing the way for agricultural co-operation, the agricultural bloc is not seeking to give the farmer special advantages over others but to open the way for him to adopt a plan of industrial organization suited to the conditions of his industry, as corporation is suited to other industries.

Other measures to which the so-called "farm bloc" has given its sanction include the Capper-Tincher antigrain gambling bill, already enacted into law. That measure is

not class legislation but to correct the abuses of the grain exchanges, correcting evils condemned by the exchanges themselves and many years ago prohibited in their own rulings.

The same thing may be said of the bills regulating cold storage and providing for control of the packing industry, the Capper-French truth in fabrics bill, which applies to fabrics provisions similar to those of the pure food act, the bill that places a representative of agriculture on the Federal Reserve Board, and the bills creating more liberal banking credit, particularly personal credit, on crops and farm machinery, and making such paper more easily discountable.

ENLARGING THE BANKING CREDIT OF AGRICULTURE

The credit measure is the only one susceptible to the accusation of class legislation, for the reason that it does attempt to enlarge the banking credit of agriculture. As commerce and business have had to have a form of banking credit adapted to their needs, so it is with the farmer. We probably have the finest commercial banking system in the world, with its thirty-day, sixty-day, and ninety-day note, perfectly suited to the turnover in commercial business. The farmer's turnover is mainly once in twelve months, or in the case of stockmen from one to three years. Our commercial system of credit does not fit his needs.

The purpose of the credit bills advocated by the "agricultural bloc" is to create banking facilities for farmers which shall be adjusted to the times and seasons of their needs; not to give credit where credit is not warranted. It is a belated effort to meet a profound need of agriculture. Its intent is not to supply the farmer with a more generous line of credit than other industries, but to fill the wide gap that has existed between his industry and the credit that every other industry enjoys. These bills provide for ample security for every credit the farmer asks and take notice of the longer period of his business turnover both as to crops and as to live stock.

National welfare and the Nation's prosperity in business are dependent on what is produced from the soil—not five nor ten years from now, but this year and next year and every year. Business should be aiding instead of fighting its best friend; should be aiding instead of opposing the efforts of "farm blocs" in Congress.

Mr. President, agriculture must obey the great law of the universe; it must adapt itself to modern conditions or cease to exist. I believe that for the next quarter century the outstanding policy of this Nation should be the carrying out of a great constructive program for the encouragement and up-building of its farm and live-stock industry. If the measures proposed for the relief of agriculture are enacted, they will lay a

broad foundation on which may be erected the world's best and most enduring system of agriculture. That also would mean the upbuilding of what would be the world's most enduring and most widespread and genuine national prosperity.

It seems to me, the fact that our prosperity as a people so largely depends on American agriculture should lead us inescapably to the conclusion that national welfare can best be subserved by making farming a safe and fairly profitable industry in this country, and as progressively modern and efficient as is any other industry.



Stock Transfer Guide and Service

THE Corporation Trust Company of New York has issued a "New Stock Transfer Guide and Service," which will be found of the highest utility and value to national banks, trust companies and other corporations acting in the capacity of transfer agent, or operating trust departments. It will also appeal to executors, administrators, attorneys and brokers. The Service is issued under the authority of the New York Stock Transfer Association, which is an association of stock transfer agents having members in New York, Boston, Chicago, San Francisco and other large cities in the United States.

The object of the Service is to enable corporations engaging in transfer work to make transfers in compliance with the statutory requirements of the different states and to avoid complications and liabilities in making such transfers. By reason of the various state laws, the transfer of stock held by executors, administrators and guardians has become extremely intricate. The transfer agent cannot perform its work properly without an accurate knowledge of the various inheritance tax and other laws of the state, in which the transfer is made, and the state or states in which the corporation, whose shares are being transferred, is organized.

The service is presented in two loose-

leaf volumes, bound in leather, and sets forth the uniform rules of practice of the New York Stock Transfer Association and the requirements of the different states in respect to the transfer of corporate shares. It is arranged alphabetically by states, and under each state gives the law with respect to the inheritance tax provisions, stamp taxes, waivers and court orders. It enables the transfer agent to ascertain, quickly and with accuracy, just what papers should be presented and what steps should be taken in making any transfer. It makes it possible for the bank or other transfer agent to handle transfers with a knowledge that it is complying with every requirement of the law and is so acting as to avoid any possible liability or complication on the part of itself or the corporation which it represents. From time to time, as the regulations in any state are changed, new sheets are provided, to be substituted in the place of those which have been altered by amendment. In this manner the Service is continually kept up to date.

The Corporation Trust Company accepts subscriptions to the Stock Transfer and Guide Service upon approval and stands ready to submit it to the officials of any bank or trust company for examination.



"The Investor and The Income Tax"

FRANK J. MULLIGAN of New York has issued a booklet entitled "The Investor and the Income Tax," which contains a digest of the provisions of the new revenue Act relating to stock and bond transactions.

This booklet is of great value to investors in preparing their income tax returns, and is being offered to banking and brokerage institutions for distribution to their clients.

In the back of the book there are some record blanks for listing records of profits and losses for income tax purposes.

FIRST NATIONAL BANK

IN ST. LOUIS

Statement of Condition, December 31st, 1921

RESOURCES

Loans and Discounts	\$85,014,718.94	}	\$85,054,718.94
Acceptances of other Banks Purchased.....	40,000.00		
Overdrafts			8,901.88
United States Certificates of Indebtedness.....			37,600.00
United States Bonds to secure Circulation			1,000,000.00
United States Securities Borrowed.....			64,000.00
Other United States Securities.....			153,648.52
Liberty Loan Bonds purchased account Customers.....			880.00
Other Bonds.....			9,279,222.05
Stock in Federal Reserve Bank.....			450,000.00
Other Stocks			112,277.00
Banking House, Improvements, Furniture and Fixtures.....			1,071,898.20
Safe Deposit Vaults			431,128.57
Other Real Estate Owned.....			1,110,286.45
Customers' Liability, Under Letters of Credit.....			206,290.15
Customers' Liability, Under Acceptances.....			616,202.58
Cash and Sight Exchange			26,817,357.61
			<u>\$126,414,411.95</u>

LIABILITIES

Capital	\$10,000,000.00
Surplus and Profits.....	6,309,502.97
Unearned Discount (Net)	292,586.25
Circulation	990,400.00
Letters of Credit	210,840.15
Acceptances	616,202.58
Other Liabilities.....	87,264.70
Rediscounts, Federal Reserve Bank	3,516,500.00
United States Securities Borrowed	64,000.00
Reserves—including Interest, Taxes, Etc.....	329,642.62
United States Deposits	\$1,208,303.08
Other Deposits	102,789,169.60
Total Deposits (Net).....	<u>103,997,472.68</u>
	<u>\$126,414,411.95</u>

F. O. WATTS, PRESIDENT



Largest National Bank West of the Mississippi

AFFILIATED WITH

ST. LOUIS UNION TRUST CO. and FIRST NATIONAL COMPANY

Banking and Financial Notes

SPECIAL

**The BANKERS
MAGAZINE**

SECTION

Review of the Month

The Business Situation Throughout the Country as Reflected
in the Opinions of Banks and Bankers

COMPARISON of the year-end reports with those for the corresponding month in 1920, according to the bulletin of the Federal Reserve Board in a review of conditions for the month of December, "demonstrates the continued upward movement of business and indicates gradual restoration of normal conditions. This is true," the bulletin says, "in spite of the fact that the month of December, which is normally a period of comparative closing down or transition, indicates, as is usually the case, some recession from the higher levels of preceding autumn business activity." The bulletin continues:

Chief importance is usually assigned at the close of the year to the holiday trade, emphasis being rather on the side of distribution than on the side of production. This intensified demand serves to bring into actual use the goods produced in the earlier industrial period. The holiday trade is thus a test of the soundness of the preceding business activity. Reports from the various Federal Reserve Districts covering over half the month show that this year's demand in the eastern Districts has registered an increase running as high as 10 per cent. over that of 1920, while in other Districts the situation is pronounced satisfactory. Manufacturing lines, although slowed down because of lessened seasonal demand, generally report a fairly satisfactory condition, although a lack of forward orders still testifies to the uncertainty with which the prospects of the coming months are regarded by many firms. Freight rates continue as a disturbing factor due to the belief that reductions already announced as affecting some commodities may be much more widely extended in the near future.

Manufacturing conditions are far from uniform throughout the country. There has been a decrease in the activity of the iron and steel industry since the first of December, which, however, is attributed to the seasonal conditions already referred to, being partly the outcome of freight rate difficulties and of the usual inventory taking by purchasers, who naturally desire to keep their stocks as low as possible at this time. In textiles there has been but little change since last month, both cotton and woolen mills being operated at a high percentage of capacity. Uncertainty as to the future of the clothing industry is due to labor disturbances and the desire of consumers for low priced goods. In the leather and shoe trades similar irregularity prevails, the majority of Districts, however, reporting conditions good or satisfactory, while in a few, slight decreases of output are noted.

The relatively lower prices which have been realized both for cereals and for cotton have proved discouraging to trade in the agricultural districts, and have also resulted in retarding the process of liquidating frozen loans representing past advances of credit. Wholesale prices are showing increased stability, the index of the Federal Reserve Board losing only one point for the month of November, while private reporting agencies indicate either stability or very slight increases during December. A problem is thus presented to bankers with reference to their policy in financing preparations for the next crop. Meanwhile farmers in many districts have shown a disinclination to buy as freely as would otherwise have been the case, due to the smaller purchasing power in their hands, and the fact that in some quarters at least there is still uncertainty as to the amount of new credit which they can obtain. This situation reflects itself in the returns for the wholesale trade in the southern districts where the month of December showed a pronounced decline in dry goods, although the situation is

favorable as compared with conditions of a year ago. Hardware and related lines are also in an unsatisfactory condition. In retail trade, as already stated, the exceptional demand of the holiday season has served to offset declines which might otherwise have been noted as the result of temporarily reduced buying power in the agricultural districts. This has been especially encouraging in view of the fact that November trade had shown some falling off from the high level attained during October.

Unemployment conditions, on the whole, are but little changed from those reported a month ago. A slightly better situation has been established in some of the larger cities where certain plants previously closed are working on part time. As is always true during the winter, the cessation of agricultural activity has set free a certain amount of labor which, however, on this occasion, has not found employment at the seasonal winter occupations which ordinarily absorb a part of it.

THE OUTLOOK FOR TAXATION

"Business men are keenly alive to the need of lightening and correcting taxes," says the January letter of the Mechanics and Metals National Bank of New York, "but their satisfaction in the constructive measures under way is being chilled as they study the dispatches which come out of Washington, telling of the schemes for spending money which are to be presented before the present session of Congress. According to these dispatches, there are a number of projects which, if adopted by Congress, will total immense sums."

The letter says further:

For every dollar that is spent by the Government a dollar must be provided by the people, either by means of taxation or bond subscriptions. Taxation, notwithstanding the attempts which have been made to provide a 'scientific' distribution of its burden, presses with crushing effect on the business of the country. New bond offerings, however satisfactory their terms, would press with similar effect upon the credit of the nation, which already supports a public debt roughly equal to twenty-five times what it was before the war.

How far will business enterprise go if its expectations of profit are regularly dulled by enormous taxes? Up to a certain point of taxation, business can flourish; that point, as well as the point which governs the state of the country's credit, is something that needs now to be carefully considered. For, wholly apart from the special appropriations which Congress will consider in its present session, the United States Treasury has problems to face which will test its re-

sources severely. It is estimated that the Government's ordinary expenditures for the fiscal year ending June 30, 1923, will be \$3,505,000,000, against which the estimates of ordinary receipts, exclusive of postal revenues, are \$3,338,000,000. Half this amount of revenue is allocated to the income and excess profits tax, to be taken directly from the people; the other half is allocated to internal revenue, customs and other forms of Government revenue, which, though representing indirect taxation, after all depend for their payment upon the already severely-taxed business of the country.

"Deficit financing" is rendered possible even on ordinary account. But the burden of the Treasury Department does not stop with ordinary account. In the course of the next eighteen months the Treasury must face the responsibility of refunding \$6,000,000,000 of maturing obligations, made up as follows: Certificates of indebtedness, \$2,000,000,000; War Savings Stamps, \$500,000,000; Victory Bonds, \$3,500,000,000.

We are coming to be so accustomed to huge figures that even this enumeration does not sound impressive against others which appear in print in connection with the finances of other governments. Moreover, debt financing is expected to be a problem of our Government through the life of the present generation and possibly other generations to come. However all that may be, one cannot miss the significance of the fact that the interest charges on our debt are now so great that every year they equal our entire national pre-war expenditures, while our ordinary Government expenses run far beyond any sums imagined up to a few years ago.

A gradual cancellation of government debt through redemptions out of current revenue is something that forward-looking people have been hopeful of. Prospects of relief from armament expenditures have stimulated this hope, but the savings in sight are in danger of being swallowed up, and more than that, we are told that the prospective reduction in armament appropriations is already being used as an excuse for extravagance.

UNBALANCED INDUSTRY

"In estimating the outlook for 1922," says the January letter of the National City Bank of New York, "it is necessary to consider the causes of the depression and inquire to what extent they have been removed or are likely to be overcome."

"The principal factor in the depression," continues the letter, "is within the control of the American people. It exists in the unbalanced relationship between the prices of farm and other primary products on the one hand and

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the prices of manufactured goods, transportation service and various other products and services on the other hand."

The letter goes on to say:

The final estimates of the Department of Agriculture upon the 1921 crops give them a market value to the farmers \$8,000,000,000 below the value of the crop of 1919 and \$3,400,000,000 below the value of the crop of 1920. These are figures of great significance. The farmers have produced nearly as much in quantity, but it has been valued in the exchanges at less than one-half the figures of 1919. As other products and services have not declined in like degree, the farmers must buy much less, and all the industries are suffering in consequence.

It is useless to expect a return to normal conditions while this disparity of compensation between great bodies of producers exists. It is unfair and it establishes an effective blockage against a revival of business. It is time that the business community took cognizance of the situation, and set itself to the task of correcting it. The argument that stock on hand was purchased at higher prices has lost whatever force it ever had. Merchants who are interested in the return of prosperity should do their part for it, and one of their duties is to reduce operating costs.

In large part the situation is chargeable to the action of organized labor in clinging to the war-time wage rates. Raw materials and foodstuffs have had a great decline at wholesale, but between the wholesale markets and consumers the cost of handling and manufacturing has not declined in like proportions. The effect is to obstruct the distribution of goods and throw millions of wage-earners out of employment, at the same time keeping up the cost of living on the entire wage-earning population. In the aggregate there is no gain, but a great loss, to the wage-earners as a class.

FARM DEPRESSION

"This strained alignment of prices is of course the real reason for the depression which has been suffered by the farmer," says the National Bank of the Republic of Chicago in a recent letter.

The letter continues further on the subject of the farmer:

With large, although not record, crops his problem has been to exchange them for things which have declined very much less in comparison. In other words he has been faced by the necessity of exchanging his own labor at low prices for the high-priced

labor represented in almost everything he buys. Also the high freight rates which he has endured for the past sixteen months, and which now take a far larger toll of his products than when he was enjoying good prices, are a further contribution which he must make to unliquidated labor in other fields. At no time during the past year has his purchasing power per unit of product been more than 80 per cent. of normal, while for most of the year it has been far less. The result has been that he has temporarily ceased purchasing, as is eloquently attested by the low level of commercial trade in agricultural communities, by the small sales of automobiles as compared with recent years, and by the decreased sales of farm machinery which for the past year are estimated at only one-third those of 1920.

AGRICULTURE IN THE SOUTH

"The agricultural situation has been a most complex one in the South during the past year," says a December letter of the Hibernia Bank and Trust Company of New Orleans. The letter continues:

The cotton crop was the shortest which has been produced in this country in twenty years, but fortunately the price increased sufficiently to offset, to some extent at least, the shortage of the crop. But while this increase in price did not really help to make the cotton planter prosperous, it did help tremendously to improve the general business situation in the South, and enabled many of the southern banks to get themselves into more liquid shape than they had been for the past year or more. Most of these banks had, by force of circumstances, been compelled to carry over substantial loans, based on cotton produced in 1919 and 1920, which, for a long period of time had been entirely unsalable until this rise in the price and improvement in the demand which helped these banks to liquidate many of their frozen loans. As a result, the entire credit situation in the South took on a more cheerful aspect, and when the crop-moving season came along the country banks found little difficulty in taking care of the demands made upon them to finance the harvest.

The most encouraging thing about the agricultural situation in the South is the fact that great economy has been practised in all of the farming districts during 1921. It is good to note that the lessons of the last year or two have induced farmers to pay more heed to the advice of the bankers who have long been preaching the doctrine of greater diversification of their crops.

THE INDUSTRIAL SITUATION IN 1921

"The most gratifying aspect of the year's industrial events," remarks the

current *Guaranty Survey* of the Guaranty Trust Company of New York, "is the upturn during the last few months in the general volume of production in the country, which about midsummer had reached its lowest point since 1914."

"Although some of the increase is clearly due to seasonal influences," says the *Survey*, "there has been, nevertheless, since July, an upturn so pronounced that it must represent fundamental improvement." The *Survey* continues:

This upturn is most marked in the textile industry and less so in the iron and steel industry. Iron and steel production declined from a high in March, 1920, of 30 per cent. above the estimated normal, after allowance for seasonal influence and long time trend, to 66 per cent. below normal in July, 1921, whence it has since advanced to a point only 46 per cent. below normal production in November.

Textile production declined from its highest point, in January, 1920, 24 per cent. above the estimated normal, to its lowest, 41 per cent. below normal in December of the same year. From this point the increase was steady throughout nine months of 1921, with the exception of a slight setback in July. In September the production of textiles was 12 per cent. above normal, which is the highest record since March, 1920.

The large consumption of cotton, required by the increased activity of the textile industry, is particularly encouraging in view of its influence upon an important section of the country and the Government's revised estimate of this year's cotton crop of 8,340,000 bales, exclusive of linters, or approximately 1,700,000 bales more than was indicated by the preliminary report made two months previously. Cotton consumption has increased each month since August, when it was 410,120 bales to a total of 526,610 bales, in November. This compares well with the consumption of only 332,057 bales last November and a monthly average consumption for the crop year, ending July 31, 1920, of 563,517 bales.

DECEMBER PRODUCTION SLOW

The current letter of the Garfield National Bank of New York, says that "the outstanding feature in domestic business during the month has been the slowing up of production on the part of manufacturers." The letter adds that:

The falling off in activity in manufacturing centers, however, is a seasonal operation and is always witnessed at this time of the year, even in normal periods. Manu-



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facturers, in the late summer and early fall, increase production to take care of winter demands. As a result, the peak of production is witnessed during the autumn months, with a gradual falling off toward winter. Shortly after the turn of the year, a majority of the industries affected by such seasonal movements, will increase their output, and by spring, no doubt they will again be operating at or near normal.

To offset this curtailment of production there is generally an increased demand for goods from the retail trade. This increased buying by the public will move merchandise from the shelves of the shopkeeper and jobber, with the result that after the first of the year, when inventories have been accounted for, this branch of industry will again be in the market to replenish supplies, and this will again stimulate the demand for goods. As for the condition of the retail trade, reports coming to hand from the larger cities of the country indicate that it is running ahead of last year. This in part is due to the fact that at this period a year ago, prices of most commodities were far below the peak of February, 1920.

LOW PRODUCTION COSTS

"If we are to have an enduring prosperity," says a recent review of W. J. Wollman and Company of New York,

"it will have to have something more solid than the flimsy basis of very high wages and extortionate profits." The review continues:

The trend of 1922, as we see it, will be in the direction of a prosperity founded on the adoption of more efficiency in operation and a lowering of production costs rather than on an attempt to increase unduly the volume of business or to obtain returns through the medium of advancing prices to extremely high levels.

For these reasons it probably would be too much to expect 1922 to be a year of big profits. It will be enough if a solid foundation is laid for a stable prosperity. The chief purpose of the leaders of industry is not so much to make money at this time as it is to get the machinery in operation for a fair volume of production that will reduce overhead and permit the normal exchange of products.

THE BUSINESS OUTLOOK

Relative to the business outlook the First National Bank of Philadelphia says, through its president, William A. Law, in a recent letter that, "there is no boom business in sight and nothing to justify the hopes of those who believe

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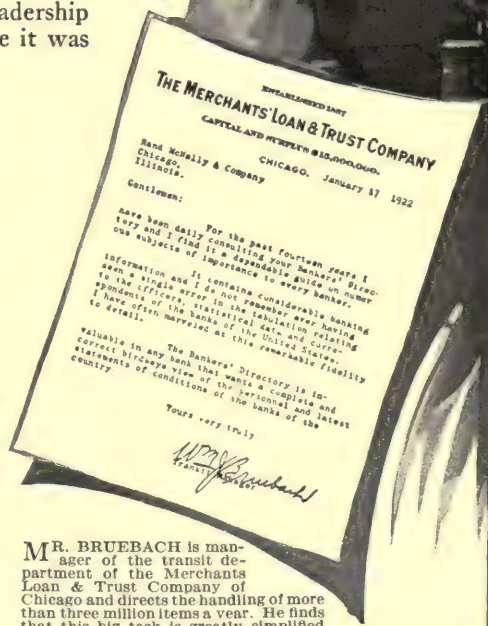
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that the country will soon witness an outburst of furious speculation on the scale of such stock market activity as was witnessed in 1906, 1915, and other years of violent speculation." The letters says further that:

The average business man is limiting his risks and seeking to safeguard his position in such a way as shall insure for him credit facilities when and as he needs them. The country is headed in the right direction, however, and making haste slowly enough to avoid the perils of a false start. This is fortunate, since a resumption of speculative trading on an immense scale would be not only unsettling, but deplorable from every angle. The nation needs most of all to capitalize the gains of the retrenchment campaign and to take to heart the lessons of the liquidating period. In no other way will it be possible for us to aid in solving the really distressing problems of international finance and we must do our part.

PRICES SHOW NO MATERIAL CHANGE

No material change has occurred in the general wholesale price level in the United States in the last six weeks, says the current monthly review of the Federal Reserve Board. Price revisions continue to be made, but the average of all prices has tended to be stabilized about a level 40 to 50 per cent. above the pre-war. There has been no considerable change from this level since last April, the indexes of the Bureau of Labor Statistics and the Federal Reserve Board showing a range of not more than 6 points during this entire period. The Federal Reserve Board index for November stood at 140 as compared with 141 in October, and 100 in the base year, 1913.

During November, the various group

indexes, such as the prices of raw materials, producers' and consumers' goods showed even less change than in recent months. The trend of producers' goods was definitely towards lower levels, but raw materials and finished consumers' goods showed very little change. Domestic goods as a whole declined while foreign imported goods rose, but the rate in both cases was slow. Agricultural commodities were the only group in which prices declined seriously during November, while lumber prices showed the most material increases. Oils, certain of the nonferrous metals, hides, and rubber were among the other commodities to increase in price. Coal, pig iron, cotton and many leading agricultural commodities declined.

During the first three weeks of December, prices in the semi-finished steel industry have tended to increase but pig iron has continued to decline and the downward movement in bituminous coal has gained in momentum. Cotton prices have also steadily declined. Agricultural prices show varied tendencies, hogs and cattle declining, wheat and oats advancing.

Retail prices during November also showed very little change from the September and October levels. The index of food prices compiled by the Bureau of Labor Statistics registered 152 as compared with 153 in October and an average of 100 in 1913.

SLIGHT DECREASE IN RETAIL TRADE

Retail sales in November showed a noticeable decrease as compared with

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those of October, 1921, and November, 1920. Reports of Districts No. 1 (Boston) and No. 2 (New York) for the first part of December, however, showed increases of 10 per cent. and 3 per cent. respectively, over the corresponding period in 1920, indicating that the volume of Christmas trade has been larger than last year. During November activity was greatest in the tobacco, candy, gloves and jewelry lines, while the market for heavy clothing was unusually dull. November sales of 381 representative department stores throughout the United States showed a decrease of 13.7 per cent. from the sales of November, 1920. Decreases were recorded in all Districts and amounted to 7.2 per cent. in District No. 1 (Boston), 8.2 per cent. in District No. 2 (New York), 8.9 per cent. in District No. 3 (Philadelphia), 21.1 per cent. in District No. 4 (Cleveland), 12.9 per cent. in District No. 5 (Richmond), 21.4 per cent. in District No. 6 (Atlanta), 16.9 per cent. in District No. 7 (Chicago), 9.4 per cent. in District No. 8 (St. Louis), 18.3 per cent. in District No. 9 (Minneapolis), 13.8 per cent. in District No. 10 (Kansas City), 25.9 per cent. in District No. 11 (Dallas), and 7.9 per cent. in District No. 12 (San Francisco). Department store stocks showed little change during November and the rate of turnover remained approximately the same as in October, while outstanding orders were somewhat lower.

MODERATE BUILDING DECLINE

The valuation of building permits issued in selected cities during November showed a moderate decline from the high level reached in October in all of the Federal Reserve Districts except District No. 11 (Dallas). The percentage of decrease varied from 2.0 per cent. for District No. 1 (Boston) to 30.7 per cent. for District No. 8 (St. Louis). The value of permits issued in selected cities of District No. 11 (Dallas) was 20.4 per cent. greater in November than in October. A comparison with November, 1920, shows large increases in value of permits issued in every Federal

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Reserve District, ranging from 23.8 per cent. in District No. 6 (Atlanta) to 189.5 per cent. in District No. 2 (New York). The total value of building permits issued in 166 selected cities amounted to \$145,883,418 in November, as compared with \$172,204,403 in October, 1921, and \$73,174,276 in November, 1920. The value of contracts awarded in seven Federal Reserve Districts, as compiled by the F. W. Dodge Company decreased from \$203,954,431 in October to \$127,374,432 in November. Decreases were registered in Districts No. 1 (Boston), No. 2 (New York), No. 3 (Philadelphia), No. 5 (Richmond), No. 7 (Chicago), and No. 9 (Minneapolis), while District No. 4 (Cleveland) registered a slight increase.

District No. 1 (Boston) reports that the increase in the volume of residential construction is particularly encouraging, and estimates that the cost of building and the size of rents are now on about the same comparative basis as in 1913. Reports from District No. 3 (Philadelphia) state that, although a large number of permits have been issued, but little actual construction is being done, owing to the approach of winter and the uncertainty as to future costs. In District No. 8 (St. Louis) there has been a decline in large building enterprises, but there has been a continuance of residential building. Reports from District No. 10 (Kansas City) also show a marked increase in the construction of residences, but less attention to the erection of business buildings and factory extensions. Construction continues active in the coastal cities of District No. 12 (San Francisco), but has shown some slackening in the interior states.

WHOLESALE TRADE

A variety of factors, both of a seasonal and of a special nature has contributed to a marked reduction in the sales of most of the reporting wholesale firms in the four lines of groceries, dry goods, hardware, boots and shoes. The reductions are particularly marked in the case of dry goods, the decreases in sales during November as compared with October ranging from a minimum of 12.7 per cent. in District No. 2 (New

York), with three firms reporting, to a maximum of 38.1 per cent. in District No. 11 (Dallas) with ten firms reporting. The decreases are especially heavy in the three southern Districts No. 5 (Richmond), No. 6 (Atlanta), and No. 11 (Dallas). These reductions in sales no doubt represent not only a seasonal recession, which is apt to be more pronounced in Southern agricultural sections than elsewhere, but they also reflect a diminished purchasing power due to the slower movement of such crops as cotton, sugar and rice. As compared with a year ago, however, dry goods sales make a quite favorable showing and, unquestionably—given the great price reductions that have occurred in the interval—they represent a greater volume of goods than did the November sales of the preceding year. In District No. 2 (New York) and No. 12 (San Francisco) there are increases in sales values of dry goods of 11.6 per cent., 3 firms reporting, and 5.2 per cent., 12 firms reporting, respectively, over last year. Decreases ranged from 1.4 per cent. in the case of District No. 5 (Richmond), 18 firms reporting, to 22.3 per cent. in the case of District No. 9 (Minneapolis), 5 firms reporting. Another factor influencing the November drop in sales, not only in dry goods but in all other lines, is doubtless the desire on the part of retailers to enter upon the new year with inventories reduced to the lowest possible point. In the case of wholesale grocery firms, decreases during November as compared with October ranged from 1.1 per cent. in the case of District No. 2 (New York), with 9 firms reporting, to 19 per cent. in District No. 11 (Dallas), with 13 firms reporting. District No. 3 (Philadelphia), with 48 firms reporting, states that the usual brisk holiday demand is lacking, and District No. 6 (Atlanta) emphasizes the slow movement of agricultural products as having had a pronouncedly depressing effect upon the demand from agricultural sections. Here again, however, the showing as compared with a year ago is quite favorable from the point of view of volume of sales, decreases ranging from 4.9 per cent. in the case of



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District No. 10 (Kansas City), with 5 firms reporting, to 30.4 per cent. in the case of District No. 6 (Atlanta), with 29 firms reporting.

The drop in hardware sales in November is probably attributable in good part to the seasonal reduction in the demand for building and construction materials, and also to the failure of retailers to place the usual advance orders for agricultural supplies for spring use. The general testimony seems to be to the effect that business in hardware is, on the whole, unusually slow even for the season. Decreases in November sales as compared with October ranged from 1.3 per cent. in the case of District No. 11 (Dallas), with 11 firms reporting, to 17.2 per cent. in the case of District No. 10 (Kansas City), with 4 firms reporting. In Districts No. 5 (Richmond), No. 6 (Atlanta), No. 7 (Chicago) and No. 12 (San Francisco), sales of boots and shoes in November registered marked declines as compared with October, the

respective percentages being 31.6 per cent. with 18 firms reporting, 23.9 per cent. with 10 firms reporting, 16.7 per cent. with 11 firms reporting and 18.4 per cent. with 16 firms reporting.

District No. 6 (Atlanta) reports that it is probable that warm weather was responsible for some of the falling off in shoe sales in that District. On the other hand District No. 2 (New York) reported a slight increase of 2.5 per cent. for the 8 firms reporting in that District. In all cases except District No. 12 (San Francisco) where there was a negligible decrease as compared with a year ago, shoe sales showed a decided increase, ranging from 5.2 per cent. in the case of District No. 7 (Chicago), with 11 firms reporting to 45.9 per cent. in the case of District No. 2 (New York), with 8 firms reporting. It will be remembered that a year ago the shoe industry was in an unusually depressed condition and the increases therefore find their explanation in this fact.

SLIGHT DROP IN COAL PRODUCTION

Production of bituminous coal showed a slight decrease during November. The output for the month was 35,955,000 tons, corresponding to an index number of 97, as compared with the October production of 43,741,000 tons corresponding to an index number of 118 and a production of 51,457,000 tons in November, 1920, corresponding to an index number of 139. A recent study of commercial stocks of coal showed bituminous stocks held by consumers on November 1, to be 47,000,000 tons, an amount sufficient for 43 days' requirements at the average rate of consumption maintained during the preceding three months. Stocks were 16,000,000 tons, or 25 per cent., below the maximum of 63,000,000 tons reported on November 8, 1918, and were the highest since January 1, 1921, but District No. 3 (Philadelphia) reports that competition of non-union coal and British coal has forced union operators either to sell their product at a sacrifice or to close down their mines.

Production of anthracite coal decreased from 7,580,000 tons in October to 6,859,000 tons in November which is somewhat lower than the production of 7,441,000 tons in November, 1920. The respective index numbers are 102, 93 and 101. District No. 3 (Philadelphia) reports that domestic demand has been almost as disappointing during the past two months as the industrial demand for steam coals. Dealers' stocks are very heavy in the majority of grades and although the prices tend to be firmly maintained, there have been some slight reductions. The lessening of iron and steel manufacturing has been reflected in reduced purchasing of coke and in a weakening of prices. The production of beehive coke for November was 477,000 tons as compared with 416,000 tons in October, and 1,622,000 tons in November, 1920, while November production of by-product coke was 1,766,000 tons, as compared with 1,734,000 tons in October.

IRON AND STEEL

Some tendency to reaction is evident in the iron and steel industry. Novem-

ber pig iron production amounted to 1,415,481 tons, as compared with 1,246,676 tons in October, the respective index numbers being 61 and 54. The total number of active furnaces increased from 96 on November 1 to 120 on December 1. This increase was not paralleled in the case of steel ingots, the output of which merely rose from 1,616,810 tons in October, corresponding to an index number of 70, to 1,660,001 tons in November, corresponding to an index number of 71. Fairly heavy shipments resulted in a slight decrease in the unfilled orders of the United States Steel Corporation from 4,286,829 tons at the close of October to 4,250,542 tons at the close of November. The current situation is much more marked in District No. 3 (Philadelphia) than in the Pittsburgh district, and many reports from the former indicate that "the present stagnation is even more pronounced than that which existed during August." Dullness is ascribed largely to uncertainty as to future freight rates and the desire of merchants to carry minimum stocks at time of inventory. Demand for pig iron is especially poor. Stocks are, however, reported low, and many inquiries are being received for delivery during the first quarter of 1922. Orders for finished products are for immediate delivery only, but it is said from District No. 4 (Cleveland) that "miscellaneous new business has continued to flow into the mills surprisingly well." Reflecting the general situation in the industry, and the sharp competition existing for a limited volume of business, pig iron prices have shown a further downward trend.

COTTON TEXTILES

Cotton consumption in November showed a decided increase over the amount consumed in October and the figures were higher than at any time since the summer of 1920. The latest estimate of the Department of Agriculture indicating a larger cotton crop than was expected, has recently been an unsettling factor although the effects of the announcement had previously been discounted to a certain extent. District

No. 1 (Boston) estimates that production in that section is on a basis somewhat in excess of 80 per cent. at the present time. Reports from District No. 3 (Philadelphia) indicated that some lines of cotton manufactures such as branded goods, and gray goods, are being purchased at about the same rate as heretofore but it is said that no firms report a sufficient number of orders to insure operations for more than three months. Stocks are being kept at a low point with a view of having as small inventories at the end of the year as possible. The orders received by textile mills in District No. 5 (Richmond) were not as numerous during November as in September and October but the mills are generally running on a full time basis and are looking forward to fairly good trade after the opening of the new year. Some mills are planning changes in machinery and reports generally state that there is "returning confidence in the stability of values for raw cotton and textiles." The special reports based on returns from 37 representative cotton cloth mills located in District No. 6 (Atlanta) indicate that cloth production in yards during November was 4.2 per cent. greater than in October and 31.3 per cent. greater than in November, 1920. Unfilled orders on hand at the end of November declined 6.7 per cent., as compared with the preceding month but were 34.3 per cent. above those on hand at the close of November, 1920. It is said that while the total of unfilled orders on an average showed a decline, some of the reporting mills have orders which will require full time operation for many weeks. One mill states that it will require 40 weeks running full time to complete its orders on hand. A majority of reporting mills are running on full time and some of them are operating day and night shifts. The production of cotton yarn by 40 mills located in District No. 6 (Atlanta) was also 3.2 per cent. greater in November than in October. Orders on hand at the end of November declined 12.7 per cent. as compared with October figures but were 68.3 per cent. greater than at the end of November, 1920. The decline in orders



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is attributed to the fact that buyers wish to go into the new year with small stocks and, furthermore, there has existed for some time an element of uncertainty due to the belief that the price of cotton would be affected by the later estimates of the Department of Agriculture. Some reporting mills are said to have sold their product for many weeks ahead at prices which allow some profit but a few mills state that their operations are being carried on without profit at the present moment.

COTTON FINISHING

Reports from 34 of the 58 members belonging to the National Association of Finishers of Cotton Fabrics show that during the month of November there was a drop in finished yards billed to 97,132,172 from 105,286,414 in October. There was also a drop in finishing orders received during the month, the figure for November being



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The Marine Trust Company of Buffalo

Capital and Surplus, Seventeen Millions

85,279,175, as compared with 100,909,965 for the preceding month. The percentage of average capacity in operation fell from 77 to 69 per cent. for all reporting Districts. The average work ahead at the end of the month dropped from 10 days to 9.2 days.

SHOES AND LEATHER

Prices of hides and skins advanced slightly during the first two weeks of December, but there was a marked reduction in volume of sales. District No. 7 (Chicago) reports that sales of green cattle hides in the United States were about 26 per cent. less in November than in October, while sales of green calf skins increased 7.9 per cent. District No. 3 (Philadelphia) states that diminution in the slaughter of animals is resulting in a strengthening of hide prices. Demand for sole leather declined somewhat in the early part of December while demand for most grades of upper leather has been well maintained. Activity has been particularly

marked in the case of leather sides and their sale throughout the United States was 16.6 per cent. greater in November than in October. Reports from District No. 3 (Philadelphia) indicate that the call for low priced shoes is resulting in a considerable reduction in stocks of side leather and increased inquiries for cheaper grades of heavy leather. Export orders are increasing and a large proportion of the so-called "Distress" leather, held for account of banks or insolvent tanners, has been sold for shipment abroad. District No. 7 (Chicago) reports that tanning activity was more irregular in November than in October.

Shoe manufacturing continued to show considerable activity during November. The November production of nine important shoe manufacturers in District No. 1 (Boston) was 8 per cent. larger than in October, and 120 per cent. greater than in November, 1920. Six of these concerns showed shipments 10 per cent. and new orders 13 per cent. lower in November than in October.

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Authorized by the New York Stock Transfer Association

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The Stock Transfer Guide and Service is prepared and maintained for the New York Stock Transfer Association. This Association is composed of the banks, trust companies and corporations doing the largest amount of transfer work in the United States, and the rulings and other data contained in the Service represent the combined experience of its members as to proper transfer procedure. This is a matter concerning which there have been wide divergences of opinion in the past, and transfer agents everywhere will find it to their advantage to conform their practice to that of the New York Association.

As a necessary adjunct to the rules of uniform practice, the Stock Transfer Guide and Service gives in complete and always up-to-date form the requirements of the various states with respect to waivers and court orders, inheritance tax provisions, tax rates, forms and procedure. The matter grouped under the headings of the states has been revised by local attorneys, whose names are given, so that it has the aspect of local practice and experience.

Every financial institution engaged in transfer work or in the settlement of decedents' estates will find the Stock Transfer Guide and Service of inestimable value. The Service provides instant access to the requirements of every state in the Union, tells what must be done by transfer agents to protect the companies they represent from fines and penalties, and assures valid transfers. It places the trust department on notice as to the duties imposed upon it by the laws of each state in the transfer of securities owned by decedents, and gives, with a minimum expenditure of time and effort, the information and papers necessary in transferring stock of a decedent.

Subscriptions to the Stock Transfer Guide and Service are on an approval basis, and we shall gladly send it to bank and trust company officials for examination.

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EASTERN STATES

SEABOARD NATIONAL AND MERCANTILE TRUST COMPANY
CONSOLIDATE

The boards of directors of the Seaboard National Bank, New York, and the Mercantile Trust Company have approved the plan for consolidating the two companies and selected directors to represent each bank on the board of directors of the consolidated bank, the Seaboard selecting eleven directors and the Mercantile selecting twenty-three directors. Stockholders' meetings will be called as soon as possible to ratify the action of the two boards. The combination will be effected about April 1.

The business of the two banks will be conducted in the present offices of the two institutions, at Broad and Beaver streets, at 115 Broadway and at 20 East Forty-fifth street. Headquarters will be at Broad and Beaver, where the Seaboard recently erected a ten-story building.

The Seaboard National Bank was founded almost forty years ago by Mr. Bayne and a small group of associates as an independent bank. It has always done a very large business with out of town banks and individuals, being recognized throughout the country as a conservative institution. The Seaboard, it is said, is the New York correspondent for more than eight hundred banks throughout the United States, a great many of which are located in the Southwest. Until recently the bank's offices were at 18 Broadway, but constant expansion brought about the erection of the present bank building at Broad and Beaver streets, which was awarded the 1921 prize by the Downtown League for being the finest and best equipped building constructed last year in the business section south of City Hall.

The Mercantile Trust Company was organized in 1917 by a group of prominent, young banking and business men. It has had a very sound and substantial growth.

The new bank will retain the name of the Seaboard National Bank, and will have total resources of about \$80,000,000. Chellis A. Austin is to be the president of the consolidated institution, while S. G. Bayne, president and founder of the Seaboard, will be the chairman of the board.

The following were selected by the two institutions to act as members of the new board of directors: Samuel G. Bayne, chairman; Chellis A. Austin, president; Elliott Averett, vice-president United Cigar Stores Co.; Edward J. Barber, president Barber Steamship Lines; Howard Bayne, vice-president Columbia Trust Company; Henry S.

Bowers, Goldman, Sachs & Co.; Harry Bronner, Blair & Co., Inc.; H. D. Campbell, vice-president; J. S. Coffin, chairman Franklin Railway Supply Company, Inc.; Delos W. Cooke, associate director of the Cunard Steamship Company, Ltd.; Edward J. Cornish, president National Lead Company; Louis N. DeVausney, vice-president; Charles G. DuBois, president Western Electric Company; Frederick F. Fitzpatrick, president the Railway Steel Spring Company; Henry C. Folger, president Standard Oil Company of New York; Edward H. R. Green, president Texas Midland Railroad; A. R. Horr, vice-president Equitable Life Assurance Society; Herbert P. Howell, vice-president National Bank of Commerce; Elgood C. Lufkin, chairman The Texas Company; Charles D. Makepeace, vice-president; Peter McDonnell, general agent Transatlantica Italiana S. S. Company; John McHugh, president Mechanics & Metals National Bank; Theodore F. Merseles, president Montgomery Ward & Co.; Albert G. Milbank, Masten & Nichols; Samuel H. Millor, vice-president Chase National Bank; William E. Paine, New York; John J. Raskob, vice-president E. I. du Pont de Nemours & Co.; Charles S. Sargent, Jr., Kidder, Peabody & Co.; Joseph Seep, chairman board South Penn Oil Company; Joseph B. Terbell, president American Brake Shoe & Foundry Company; C. C. Thompson, New York; Frederick T. Walker, agent Royal Bank of Canada; J. Spencer Weed, vice-president Great Atlantic & Pacific Tea Company; Henry Whiton, president Union Sulphur Company.

Chellis A. Austin, the new president of the Seaboard, was born at West Berkshire, Vt., in 1876, and at an early age moved to Canton, St. Lawrence County, N. Y. He was educated in public schools and at St. Lawrence University, finishing his college course at Columbia University in the class of 1898. After leaving college he entered a brokerage office as messenger. In 1899 he began service with the Erie Railroad as clerk in the president's office. In order to obtain a practical education in the operation of railroads, he gave up a clerical position in the general offices and became night yard clerk in the Erie yard at Hornell, N. Y. He was promoted to the position of night yardmaster, and worked gradually up to be trainmaster of the Jersey City Terminal Division of the Lehigh Valley Railroad.

In 1911 Mr. Austin gave up railroading and entered the Columbia Trust Company of New York as a solicitor of new business. He was successively promoted to credit man, assistant treasurer, assistant secretary, and

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Twenty-third Edition

Revised to January 1, 1922

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United States Corporation Company

65 Cedar Street, New York

was elected vice-president in December, 1916. He left the Columbia in May, 1917, to become president of the Mercantile Trust Company, having won his promotion at the age of forty to the chief executive position in that institution.

Mr. Austin is a director of the Prudential Insurance Company of America, Chase Securities Corporation, Bankers and Shippers Insurance Company of New York, the Safety Car Heating and Lighting Company and the Mercantile Safe Deposit Company.

CHEMICAL NATIONAL BANK ELECTIONS

Rumsey W. Scott, manager of the industrial department, was appointed vice-president at the annual meeting of the directors of the Chemical National Bank of New York for the election of officers on January 11. An engineer by profession, Mr. Scott joined the bank in October, 1920, as head of the newly created industrial department, the object of which is to give technical assistance to the credit officers regarding the status and progress of the industries in which customers are engaged. Mr. Scott attended the department of electrical engineering at the Rose Polytechnic Institute. He came to New York to join the engineering department of the C. & C. Electric Company and for several years was in the sales department. He was for seventeen years connected with the Otis Elevator Company. Mr. Scott was vice-president of the Technical Advisory Corporation, a firm of consulting and industrial engineers, before accepting the post of manager of the industrial department of the Chemical National Bank. He has a staff of expert accountants in his department.

Herbert K. Twitchell, chairman of the board of directors of the Chemical National Bank, tendered his resignation at the meeting of the board of directors on January 11, which was accepted. Mr. Twitchell has not been active in the management of the bank since he resigned the presidency about two years ago. He was re-elected a director of the institution.

The following is a complete list of the official staff for the ensuing year: President, Percy H. Johnston; first vice-president, Edwin S. Schenck; vice-presidents, Frank K. Houston, Clifford P. Hunt, Isaac B. Hopper, Jesse M. Smith, Albion K. Chapman, Wilbur F. Crook, Rumsey W. Scott; assistant vice-presidents, James L. Parson, James McAllister, Samuel T. Jones, Robert D. Scott, N. Baxter Jackson; cashier, Samuel Shaw, Jr.; assistant cashiers, John G. Schmelzel, John B. Dodd, Clifford R. Dunham, Harry L. Barton, Francis J. Yates,



RUMSEY W. SCOTT

Manager industrial department Chemical National Bank, New York

Albert Quackenbush, Chester Morrison; trust officer, Edwin Gibbs; assistant trust officer, Ernest J. Waterman; manager foreign department, Robert B. Raymond; assistant managers foreign department, Henry M. Rogers, Herbert I. Sayers; director of department of public relations, Charles Cason.

The following directors were re-elected at the annual meeting of shareholders: Fred-

eric W. Stevens, W. Emlen Roosevelt, Robert Walton Goelet, Darwin P. Kingsley, Charles Cheney, William Fellowes Morgan, Arthur Iselin, Henry A. Caesar, Frederic A. Juilliard, Ridley Watts, Charles A. Corliss, Garrard Comly, Herbert K. Twitchell, Percy H. Johnston, Edwin S. Schenck.

Percy H. Johnston, president, made the following report to the shareholders:

To the Shareholders of the

Chemical National Bank of New York:
I submit to you condensed statement showing the condition of your bank at the close of business December 31, 1921.

The year 1921 has been one of readjustment and great strain. Some of our ablest thinkers have termed it the crucial year in our business history. At the end of this period of such extraordinary conditions our deposits are approximately the same as a year ago.

After the amalgamation of the Chemical and the Citizens National Banks, we found the old banking house of the Chemical inadequate to house the increased staff and force. After months of negotiation, during the early spring of 1921, we purchased the corner property at Chambers street and Broadway, known as 271 Broadway. This property joined our own, and in the opinion of expert real estate men our possession of it greatly increased the value of our original property holdings. The cost of remodeling and refitting the building at 271 Broadway and connecting it with our property at 270 Broadway was charged to current expenses during 1921.

After charging to earnings account all expenses and extra compensation to employees, after readjusting all investments to market values or less, and after charging off all known losses and setting up proper tax reserves, we have made disposition of the balance of earnings as follows:

24 per cent. dividend to shareholders	\$1,080,000
Added to undivided profits account	1,054,000
	<hr/> \$2,134,000

The bank is experiencing a steady and conservative growth, and our shareholders have been very helpful in the development. We face the future with a feeling of confidence and assurance of continued progress. May we ask for your continued help and support?

Respectfully,

PERCY H. JOHNSTON,
President.

New York, January 10, 1922.

BANK OF AMERICA DIRECTORS

At the one hundred and tenth annual stockholders' meeting of the Bank of America, New York, held January 10, at the bank's offices at 44 Wall street, resignations were accepted from two directors of the bank: Cornelius N. Bliss, Jr., of Bliss, Fabyan and Company, and Henry Root Stern, of Rushmore, Bisbee and Stern.

Charles M. Dutcher, president of the Greenwich Savings Bank of New York, and Henry J. Fuller, of Aldred and Company, were elected to take their places on the board of directors.

HAROLD B. THORNE

Harold B. Thorne, vice-president of the Metropolitan Trust Company of New York, has been elected a director, vice-president

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Today with Capital of **\$1,000,000**, Surplus and Undivided Profits of **\$2,375,000** and Total Resources of over **\$35,000,000**, this bank is better prepared than ever to fill its important place among the great financial institutions of the United States.

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E. PUSEY PASSMORE

Vice-President

RICHARD S. MCKINLEY

Cashier

E. S. KROMER

Assistant Cashier

WILLIAM J. MURPHY

Assistant Cashier

CHARLES M. PRINCE

Assistant Cashier

JOHN W. WHITING

THE BANK OF NORTH AMERICA

(NATIONAL BANK)

PHILADELPHIA

1922

and member of the finance committee of the Pierce Oil Corporation. He will remain with the trust company for the present, but will shortly take up active work with the Pierce Oil Corporation in charge of its finances. He will continue to act as a director of the trust company and a member of its executive committee.

Mr. Thorne has had a long experience as a banker, having entered the banking field as a junior clerk with the old Mercantile Trust Company of New York in 1895, serving respectively as assistant treasurer, treasurer and vice-president until 1911, when the Mercantile Trust Company was absorbed by the Bankers Trust Company of New York. He served as vice-president of the Bankers Trust Company until June, 1916, when he was elected vice-president of the Metropolitan Trust Company of New York, and from May 27, 1921, until December 27, 1921, was acting president of the latter company.

NATIONAL CITY BANK PROMOTIONS

At the regular board meeting of the National City Bank of New York, the following promotions were made in the official staff: Assistant cashiers appointed assistant vice-presidents, H. D. R. Burgess, Farris

Campbell, Frank C. Mortimer, Walter L. Schnaring; appointed assistant cashiers, Edward F. Barrett, Charles D. Bowser, Edward F. Howe, Geoffrey C. May, James A. Mitchell, Charles P. Storms, Percy West; assistant trust officer, John T. Creighton.

HEADS EAST RIVER SAVINGS BANK

At a meeting of the trustees of the East River Savings Bank, New York, Darwin R. James, Jr., was elected president to succeed Henry T. Nichols. Frederick G. Fischer, vice-president of W. R. Grace & Co., was elected second vice-president and D. W. Whitmore, first vice-president.

Mr. James formerly was president of the Pyrene Manufacturing Company and the American Chic Company. He is a director of the Nassau National Bank of Brooklyn and a trustee of the Title Guarantee and Trust Company, and is well known in political circles in Brooklyn.

CORNERSTONE LAID FOR NEW BUILDING

The cornerstone of the new bank building which is being erected by the United States Mortgage and Trust Company of New York, at the corner of Madison avenue and Seventy-fourth street, was laid at 9.30 a. m., Wednesday, January 4, 1922. President John W. Platten made a short address in the presence of a number of guests, directors and officers. It is expected that the building will be ready for occupancy about July 1.

PRESENT LOVING CUP TO JOHN THAYER

Officers of the Central Union Trust Company of New York presented a silver loving cup to John Van Buren Thayer, who has just completed fifty years of active service with the institution. Resolutions congratulating Mr. Thayer on this anniversary have also been adopted by the board of trustees. Mr. Thayer entered the company's employ in 1872 and after rising through clerical grades of increasing responsibility became assistant secretary in 1891. He was made secretary in 1895 and in 1903 was promoted to a vice-presidency in the trust company, performing the duties of both offices until 1912, when he resigned as secretary.

COLUMBIA BANK OF NEW YORK

At a meeting of the directors of Columbia Bank, New York, recently, Louis S. Quimby was elected a vice-president. He assumed his new office on January 15.

Mr. Quimby is best known in the banking world through his long connection with the



FRANK C. MORTIMER

Assistant vice-president National City Bank of New York

old Broadway Trust Company. When this company was taken over by the Irving National Bank, he was elected vice-president in charge of what is known as the Eighth street office, occupying the old quarters of the Broadway Trust.

Mr. Quimby is generally credited with a fine understanding of the banking requirements of manufacturers and jobbers in textile lines, and his new connection with the Columbia Bank will afford him full scope for his admitted energies.

At the annual meeting of the stockholders of Columbia Bank, held recently in their new banking quarters at Fifth avenue and Forty-third street, the entire directorate and staff of officers were re-elected to serve again this year.

GUARANTY TRUST COMPANY ELECTIONS

At the annual meeting of the stockholders of the Guaranty Trust Company of New York, the following directors were re-elected to serve for three years: Charles H. Allen, Caleb C. Dula, Robert W. Goelet, William Averell Harriman, Grayson M. P. Murphy, Thomas F. Ryan, Charles H. Sabin, John A. Spoor and Thomas E. Wilson.

At the annual meeting of the board of directors, held immediately following the meeting of the stockholders, all officers of the company were re-elected for the ensuing year.

The Guaranty Trust Company issued its condensed statement as of December 31, 1921, showing deposits of \$470,916,979.07, as compared with \$425,857,452.07 shown in its last published statement of November 15. It also shows an undivided profits account of \$2,255,398.56, as compared with \$1,552,791.10 on November 15. The new statement reports no borrowings from the Federal Reserve Bank on December 31, as compared with rediscounts of \$17,925,000 on November 15. The total resources of the company are \$578,309,758.37.

NEW COLUMBIA TRUST COMPANY BRANCH

The Columbia Trust Company, New York, has leased space at the northwest corner of Forty-eighth street and 290 Park avenue, for offices particularly for its women depositors.

It is equipped in a unique manner, and gives the impression of a drawing room rather than a banking office, being the first thing of its kind in New York. Warren & Wetmore, the architects of the building, did the plans for the new office.



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E. F. SHANBACKER
President

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Philadelphia



GINARN LAO

In charge of the recently opened agency of the Bank of Canton, Ltd., in New York

Mr. Lao occupies a unique position in banking circles. He is a graduate of Lehigh University. Representing the younger generation of China, he has naturally developed an ardent fondness for American methods. After his graduation from Lehigh University he returned to China and quickly took a leading place in commerce, finance and industry in his own country. His knowledge of Chinese business affairs he now brings to New York through his activities as agent of the Bank of Canton. He has made a study of American banking methods and he has the rare equipment of being able to bring to bear both the Chinese and American points of view.

Mr. Lao declares that China is the richest commercial field among all the nations. The friendship of China for the United States is based upon something far stronger than opportunism; it is founded on good will steadily built up through years of unselfish effort for the welfare of China. This, Mr. Lao considers the greatest asset possessed by American business men for promoting their interests in China. The Bank of Canton, therefore, through Mr. Lao in New York, is in an exceptional position to be of service both to business men and bankers in the United States.

IRVING NATIONAL BANK

At the annual meeting of the shareholders of the Irving National Bank of New York, Henry Fletcher, chairman of the board of Swan and Finch Company, and Adam K. Luke, treasurer of the West Virginia Pulp and Paper Company, were added to the board.

On January 26, the following appoint-

ments were announced: Assistant vice-presidents, William R. Wilson, Paul K. Yost and L. L. Hopkins.

J. E. REYNOLDS HEADS FIRST NATIONAL BANK

Jackson E. Reynolds has been elected president of the First National Bank of New York in a general moving up which affected all of the bank's senior officers. Francis L. Hine, who has been president, was made chairman of the executive committee, a newly created office. George F. Baker remains chairman of the board, and George F. Baker, Jr., was named vice-president.

The financial career of Mr. Reynolds has been brief, but brilliant. He was graduated from Leland Stanford Jr. University in 1896 and took a degree in law at Columbia University in 1899. From 1903 to 1913 he was Professor of Law at Columbia, and left that post to become counsel for the Central Railroad of New Jersey. He was selected to argue the Reading anti-trust suit before the Supreme Court, after having tried it in the lower courts.

In 1917, Mr. Reynolds was made a vice-president of the First National Bank. During the last three or four years he has taken a prominent part in the affairs of the bank.

BANK OF AMERICA PUBLISHES PAMPHLET

New American business methods and the probable development of large industrial combinations may result from the United States Supreme Court's decision on "open price" associations, is the opinion of the Bank of America, New York, expressed in a pamphlet recently published. The pamphlet contains the full text of the majority and dissenting opinions of the Supreme Court in the case involving the American Hardwood Manufacturers' Association.

"The decision of the United States Supreme Court in the case of the American Hardwood Manufacturers' Association, which in effect outlaws the 'open competition plan,' is one of the most important governmental actions in the history of American business," declares the Bank of America in commenting on the case. "The 'open competition plan,' as it is now practised, will have to be radically revised and probably associations using it will reorganize within the limitations indicated by the Supreme Court's verdict. If this decision results in disintegrating trade organizations, which in a large number of cases it probably will, other agencies will have to take their place

in performing essential business functions. It may be that the statistical and information activities of the 'open price' associations will be continued under the supervision of a governmental agency like the Department of Justice.

"New selling and distributing methods may be devised to meet new types of competition. Manufacturers will cooperate in new organizations to carry on constructive public education, to eliminate wasteful practices, to strengthen foreign trade.

"This decision, together with other contemporary economic influences, will undoubtedly result in the development of larger industrial aggregations through mergers and combinations. The direct effect of such conditions may even be more powerful than any under the 'open competition plan.'"

As this decision is of far-reaching influence and interest, the demand for copies of the text has been large, and a copy of the pamphlet will be sent on request by the Bank of America, 44 Wall street, New York.

NATIONAL BANK OF COMMERCE STOCKHOLDERS' MEETING

The statement of condition of the National Bank of Commerce in New York at December 31, 1921, showed total resources of \$452,147,410.70, capital, surplus and undivided profits \$59,763,226.56 and deposits \$340,527,371.79.

John G. Shedd was elected a director of the bank at the annual meeting of shareholders, held January 10, 1922. Mr. Shedd is president of Marshall Field and Company.

In his annual address to the stockholders, James S. Alexander, the president, among other things spoke of the strong condition of the banking system as follows:

The year's end found our banking system in a notably strong position. Cognizance must be taken of the fact that there remains a considerable residue of non-liquid bank loans, whose settlement constitutes a particularly difficult phase of deflation because of especially hard conditions in respect to the businesses and the merchandise markets involved. But the burden of retarded credits has been very materially lightened. The total volume of commercial credit has contracted in keeping with lessened requirements due to lower prices, liquidated transactions and reduced activity.

The position in respect to gold reserves is unprecedented. In fact, due to the flood of the metal from abroad, the nation has an embarrassment of riches in this respect, involving the conceivable possibility of cheap money and credit inflation. But serious results need not be feared if the requirements of sound business rather than the physical volume of gold be made the essential criterion of credit extension. Fortunately the enlightened policies and skilled management of the federal reserve system have firmly established it in the confidence of the nation's practical bankers as an instrumentality with which they can cooperate effectively in conducting commercial banking as a whole on the common sense lines which this situation requires.

Audits and Systems for Banks

Our specialty is conducting efficient and thorough bank and commercial audits, and the installation of accounting systems for banks, trust companies, and foreign exchange departments.

**McArdle,
Djörup & McArdle**

42 Broadway, New York

In the industrial and commercial situation, many elements of weakness have been eliminated through adjustments to new conditions accomplished by the stronger concerns and through the reduction in the number of weaker and uneconomic business units brought into being during the boom period. There has been a return of keener competitive conditions, and an increase in both personal and corporate efficiency and economy. Potential demand exists for goods really desired or needed, coupled with a spirit of thrift that in the long run creates more stable and desirable markets. The period of collapsing price movements, yet in progress at the opening of 1921, is generally over.

Against the general favorable factors must be set off certain unfavorable conditions still inhering in the total situation. Particular emphasis must be placed upon the adverse aspects remaining in the element of prices due to the lack of alignment as between consumers' and producers' prices and also as to price levels between nations, and the accumulation throughout the world of excessive supplies of many commodities whose distribution was halted by world-wide impairment of buying power. While probably no general state of overproduction exists, and while excess stocks have been lessened, further substantial reductions or better distribution must occur before price equilibrium and market stability can be assured. Further reduction of production costs is necessary. This is rendered difficult by high overhead charges from expensive, over-built or idle plant equipment, by too high railroad rates and by the burden of government taxes.

AUGUSTUS S. COBB

Augustus S. Cobb has been appointed assistant to the president of the Bankers Trust Company of New York. Mr. Cobb

was born in Brookline, Mass., and is the son of John C. Cobb, who for many years has been prominent in the problems of Manhattan surface railways. Mr. Cobb was graduated from Harvard with the class of 1907, and after several years of training in commercial work became a partner in Cobb and Co., bankers in Boston. Mr. Cobb came to the Bankers Trust Company on July 1, 1919, and lives in Hewlett, L. I.

J. T. MONAHAN ELECTED VICE-PRESIDENT

J. T. Monahan has been elected a vice-president of the Metropolitan Trust Company of New York. Mr. Monahan, who is well known in both financial and business circles, is regarded as a leading authority on Cuban affairs.

PROGRESS OF THE MORRIS PLAN

Progress of the Morris Plan is shown by the fact that a number of banks and companies operating this system of industrial loans and investments in a hundred American cities are now housed in buildings of their own, some of which have been built for their special use. The Philadelphia company has had a house-warming party in the building it has just erected in Arch street. The Cleveland bank recently moved into a handsome new building, on which it had spent several hundred thousand dollars. The Chicago bank has taken a lease of its present quarters for eighty years. The Davenport company has bought a savings bank building; and the Waterloo company, in the same state, is building a home for itself allowing for considerable expansion. The New Haven company has remodelled for its own use a bank building which it bought several years ago.

GEORGE D. HAUSER

George D. Hauser, manager of the foreign department of the Gotham National Bank of New York, has been elected assistant vice-president of the bank, a newly created office.

FIFTH NATIONAL BANK

At the annual meeting of the Fifth National Bank of New York, F. L. Rossman was elected to the board to succeed W. Fischmann, resigned. Fred Yankauer also was elected.

ELECTED VICE-PRESIDENTS

Rolfe E. Bolling and Henry R. Johnston have been elected vice-presidents of the Chatham and Phenix National Bank of New

York. Mr. Bolling was formerly president of the Commercial National Bank of Washington, D. C.

UNION EXCHANGE NATIONAL BANK

The Union Exchange National Bank of New York at its annual meeting added two new directors, Isaac Ritenberg and Leon M. Bodenheimer.

HANOVER NATIONAL BANK

John J. Riker, Elmer E. Whittaker and William E. Cable, Jr., have been added to the board of the Hanover National Bank of New York. Mr. Cable is the bank's cashier.

TRUST COMPANY ASSOCIATION ELECTIONS

At the annual meeting of the New York City Association of Trust Companies and Banks in their Fiduciary Capacities, the following officers were elected for the coming year: H. F. Wilson, Jr., vice-president Bankers Trust Company, as president; M. P. Callaway, vice-president Guaranty Trust Company, as vice-president; R. H. See, of the Mechanics and Metals National Bank, secretary and treasurer, and the following men were elected directors for the term ending 1925: Lyman Rhoades, vice-president Equitable Trust Company; Joseph Byrne, vice-president Hanover National Bank, and J. H. Carpenter, trust officer Kings County Trust Company.

This association was organized to promote the general welfare of trust companies and national and state banks engaged in fiduciary transactions in the City of New York, and its committees have been active this last year with investigating and reporting on subjects of interest to trust administration.

COMMONWEALTH BANK OF NEW YORK

Directors of the Commonwealth Bank of New York have elected B. Beinocke, chairman of the board. He succeeds the late Edward C. Schaefer. Charles A. King has been elected president; Louis P. Bach and Edward Benneche, vice-president.

EDWARD S. ROTHCHILD

Edward S. Rothchild has retired from active duty as president of the Public National Bank of New York, and is succeeded by Alfred S. Rossin, a director. The position of chairman of the board of directors was created, to which the retiring president, Mr. Rothchild, was elected.

CHARLES H. JAMES

Charles H. James, vice-president First National Bank, Philadelphia, has returned from a four months' tour of the Hawaiian



CHARLES H. JAMES

Vice-president First National Bank, Philadelphia

Islands, Japan, Philippine Islands, China and Dutch East Indies.

Mr. James was with a party of California business and professional men who chartered a Government boat for the entire trip.

SOUTHWARK NATIONAL BANK DINNER

In keeping with a custom started in 1920, the directors of the Southwark National Bank of Philadelphia tendered to the officers and employees the second annual loyalty and profit-sharing dinner and dance, December 14, at the Bellevue-Stratford.

More than 170 guests were present, made up of the directors, officers, employees and their wives of the Southwark National Bank and the Southwark Title and Trust Company.

MELLON NATIONAL BANK, PITTSBURGH

The statement of condition of the Mellon National Bank of Pittsburgh, Pa., at December 31, 1921, showed total resources of \$107,465,601.49, surplus and undivided profits, \$6,067,577.86, and deposits, \$82,613,776.28.

NORMAN B. WARD

The Peoples Savings and Trust Company of Pittsburgh, Pa., one of that city's largest financial institutions, announces the appointment of Norman B. Ward as manager of its bond department. He assumed his duties January 3. Mr. Ward is a Columbia University graduate, and has had a wide business experience. He was formerly in



NORMAN B. WARD

Manager bond department Peoples Savings and Trust Company of Pittsburgh, Pa.

the Pittsburgh office of Lee, Higginson and Company, and later manager of the bond department of the McGill group of banks, with main offices in Sharon, Pa., resigning the latter position to join the Pittsburgh institution.

CAN NOT SHOOT THROUGH IT!

Safetee Bullet Proof Glass is crystal clear with no wire mesh insertion. Should be used in windows and doors, separating public space from working space, also in Tellers' windows. Prevents holdups because officials and employees can not be intimidated.

Safetee Glass

WON'T SHATTER OR FLY

Protected by U. S. Patents

Let us tell you what SAFETEE GLASS is doing for other banks, and what it can do for you

Below is a partial list of banks which have installed Safetee Glass recently :

Federal Reserve Bank.....Chicago, Ill.
National Union Bank of Boston, Boston, Mass.
First Nat'l Bank of Wellsboro, Wellsboro, Pa.
Forest County National Bank.....Tionesta, Pa.
Sav. Inst. of Sandy Spgs., Sandy Springs, Md.
Nat'l Bank of Orange County.....Goshen, N. Y.
Windsor Savings Bank.....Windsor, Vt.
The Clarkston State Bank.....Clarkston, Mich.
Hillman Coal & Coke Company, Pittsburgh, Pa.

Hartford Trust Co.....Hartford, Conn.
Federal Reserve Bank.....Kansas City, Mo.
(Collection Car)
Fed'al Res. Bk., St. Louis, Mo. (Collection Car)
The Peninsula Banking Comp'y, Peninsula, O.
First National Bk. of Bernville, Bernville, Pa.
The Farmers Nat. Bk. of Freeport, Freeport, Pa.
State Bank of Salem.....Salem, Ind.
Citizens National Bank.....Laurel, Md.

SAFETEE GLASS COMPANY

Broad and Wood Sts.

Send for Our Literature

Philadelphia, Pa.

ANNUAL MEETING OF STOCKHOLDERS OF THIRD NATIONAL BANK

In his address to the stockholders at the annual meeting, January 10, William H. Peck, president of the Third National Bank of Scranton, Pa., spoke of the growth of the institution since its organization in part as follows:

"Starting with a capital of \$200,000, which was doubled from the earnings several years ago, and therefore is \$400,000, the bank has accumulated a large surplus and today \$100,000 has been added to the surplus fund, making it \$1,200,000, all earned in the conduct of the business, and it is three times the amount of the capital.

"Recently your directors have ordered that the quarterly dividend to be paid on February 15 to stockholders of record of February 6, be at the rate of $6\frac{1}{4}$ per cent., which would place the stock on a 25 per cent. yearly dividend basis. These are evidences of the popularity and prosperity of your institution.

"On February 8, 1921, the Third National took over the business of the American Bank of Commerce of this city, assuming its liabilities to depositors with an offset of an equal amount of its investments, and is also liquidating, free of cost, their other assets."

W. T. READ

William T. Read of Camden, vice-president of the First National Bank of Camden, N. J., was re-elected state treasurer of New Jersey by a unanimous vote of the legislature in joint session.

ALFRED H. SMITH

At a meeting of the board of directors of the Fifth Avenue Bank of New York, Alfred H. Smith, president of the New York Central Railroad Company, was elected a director of the bank.



New England States

Comprising Maine, New Hampshire, Vermont, Massachusetts, Connecticut
and Rhode Island

The First National Bank of Boston

**The leading financial institution of
New England**

**Foreign and domestic commercial
banking of every nature**

Correspondence solicited



HOME of one of Maine's most successful banking institutions, the Ticonic National Bank, Waterville. On the Main Street of this thriving city, near the new Government building, it presents a handsome and dignified appearance. It is built of cherry red brick, with granite base and limestone trimmings. The architects were

Thomas M. James Company

3 Park St., Boston, Mass.

Fuller Building, Springfield, Mass.

31 East 27th St., New York

511 Blackstone Building, Cleveland, Ohio

ECONOMIC CONDITIONS IN THE
NEW ENGLAND STATES

THE most striking feature of present conditions in New England is the radical change that has come over the building situation. Easier money, lower prices for materials, a steadier labor situation and the improved business outlook, have all combined to put new life into the building and construction industry. For some time we have heard predictions of improvement in the spring, but the movement apparently is not to be delayed even that long, for already the volume of work has increased materially and seems to be limited only by the weather conditions common to this time of year. There has even been a sharp increase in the amount of investment building. When it is considered that this is taking place in the face of a demand for lower rentals to fit the lower wage scales, it will be seen that prices have reached a point where a rapid development may be predicted with confidence. Prices for lumber have shown a tendency to stiffen; brick is low and will probably rise a bit; the same applies to cement. Steel is low and is likely to go lower, owing to uncertainties in the trade, as well as sharp competition.

Most of New England's great industries are making splendid progress. The shoe industry is lagging, owing to the handicap of earlier labor troubles and the constant demand of consumers for cheaper shoes of good quality. Leather is quiet and shoe manufacturers are buying close to actual needs, as they are expecting still lower prices. The hide market is quiet.

There is a between-seasons lull in the cotton mills and the woolen mills are running about 80 to 85 per cent. of capacity on a steady flow of small orders.

The big stores report an increasing trade, induced largely by special sales and price concessions. Stocks of merchandise are low, but merchants are keeping their commitments well within immediate requirements. The wholesale grocery houses report a trade that is materially larger than last year in volume, although in dollars and cents it measures about 75 per cent. of last year's figures, owing to the sharp decline in prices.

Money conditions are easy and the increasing amount of reasonable mortgage money is stimulating what might otherwise be a slow season in real estate. Banking conditions are satisfactory, and while the lower rates for loans have not brought the demands that were expected, there is a healthy demand for money from desirable sources. In banking circles there has been a great deal of interest in the recent deci-

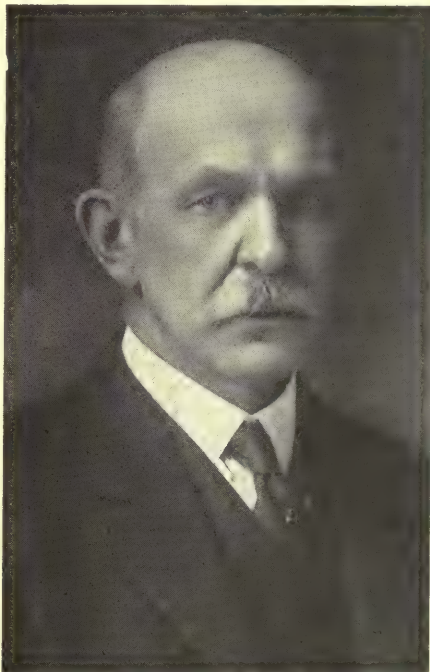
sion of the Massachusetts Supreme Judicial Court, refusing priority to the state as a depositor creditor of a closed bank.

Business failures in New England have been heavy in about the same proportion as that prevailing in other parts of the country. Latest reports indicate a slight improvement in this situation, however, although the number of failures is still much heavier than a year ago.



FIFTY YEARS IN ONE BANK

Joseph L. Foster of Newton Center, Mass., observed on January 16 his fiftieth anniversary of connection with the Webster and Atlas National Bank of Boston. Fellow officers and employees presented him with a handsome bouquet of fifty American Beauty



JOSEPH L. FOSTER

Vice-president and cashier Webster and Atlas
National Bank, Boston

roses in the morning, and after the bank closed in the afternoon they gathered around his desk and gave him, with appreciative remarks, a handsome silver tray, suitably inscribed. The directors adopted a resolution commending Mr. Foster for his long

Park Trust Company

Park Building, 511 Main Street
WORCESTER, MASS.

Capital \$200,000

Surplus and Earnings..... 202,580

F. A. Drury, President.

T. J. Barrett, Vice-President.

H. M. Abbott, Treasurer.

Frederick J. Bye, Assistant Treasurer.

Send us your Massachusetts collections.

and faithful service and gave him a substantial token of their appreciation. Many friends called during the day and offered their congratulations on his anniversary.

Mr. Foster entered the employ of the old Atlas National Bank in 1872, when he was a boy of eighteen years, the bank then being at the corner of Kilby and Doane streets. In 1876 the Atlas Bank moved to the Sears Building, corner of Washington and Court streets, and has remained there ever since, except for about nine months after the fire of 1890, when it had a temporary location outside. The Webster and Atlas banks were joined in 1904.

At first Mr. Foster served as a messenger, then he was engaged on the books for a time, later becoming receiving and paying teller in turn. He served as assistant cashier for five years and since the death of his predecessor in that office, in 1896, he has been cashier. Two years ago he was made a vice-president in addition to his duties as cashier. In connection with Mr. Foster's anniversary it is interesting to note that since its incorporation, in 1833, the bank (including the original Atlas) has had only four cashiers—Joseph White, Charles L. Lane, Benjamin P. Lane and Mr. Foster, the present incumbent.

MANUFACTURERS NATIONAL BANK, CAMBRIDGE, MASS.

At a recent meeting of the directors of the Manufacturers National Bank, Cambridge, Mass., Walter M. Van Sant, cashier of the bank since its organization, was elected president. As he is only thirty-one years old, he is one of the youngest national bank presidents in the country.

Mr. Van Sant was born in Philadelphia in 1890, and his banking experience commenced in 1906, when at the age of sixteen he entered the New York National Exchange Bank, since consolidated with the Irving National Bank, as messenger.

In 1911 he was offered a position with the First National Bank, New Milford, Conn., and in 1916 was appointed bank examiner of Connecticut by Bank Commissioner Everett J. Sturges. His work in that department



WALTER M. VAN SANT

President Manufacturers National Bank,
Cambridge, Mass.

attracted attention, and in November, 1917, he was offered the cashier's position of the Manufacturers National Bank of Cambridge.

In October Fred F. Stockwell, president and treasurer of Barbour Stockwell Company, was elected chairman of the board of directors and Mr. Van Sant president of the bank.

The Manufacturers National Bank is one of the newer banks of Greater Boston, having been established in April, 1918, in the Kendall square section of Cambridge, in the development of which it has taken an active part. It has capital of \$200,000, deposits of \$1,275,000 and total resources of about \$1,800,000.

BANKS SOON TO HAVE NEW BUILDINGS

The Thomas M. James Co., bank architects, New York and Boston, are now preparing plans for a fine new building in Derby, Conn., for the Derby Savings Bank, of which G. E. Barber is president and Henry S. Birdseye treasurer.

Extensive alterations are also being planned for the Ocean National Bank at Newburyport, Mass., as well as for the Brockton National Bank, Brockton, Mass.

Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, and Tennessee

ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By THOMAS EWING DABNEY

A FEW months ago, when the gloom was so thick in the East that you could cut it with a knife, the South was riding high; business was improving visibly, and optimism was in the saddle. Southerners hated to go to New York because of the depressing atmosphere.

Now the tables are turned. It is the East that is irritatingly cheerful, while the South is in the dumps. It is the East that is doing things, that is planning greater things; but in the South, business has lost much of the ground it had gained. Not that the folks have given up hope. But the early winter months have been very discouraging. The close of the year has not been as cheerful as the opening.

There is no use trying to hide our head in the sand. That is the situation stated with brutal frankness. There are few business men who won't state it in substantially these words, and that's an encouraging sign, because it shows they are ready for a hard fight. Preparation is half the battle.

The remarkably warm weather of the winter has been a strong factor in the depression. It has slowed up the mercantile business greatly.

November's department store business in the Sixth Federal Reserve district averaged 21.4 per cent. lower than it was during the same month last year, according to the figures compiled by the Federal Reserve Bank. October's average was only 15.1 per cent. below the same month last year. Except for the Christmas trade spurt, December's business has been a repetition of November's.

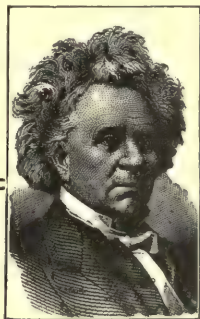
For the first time this year, New Orleans' business movement was outdistanced by other southern cities.

In October, New Orleans' department store trade was only 9.4 per cent. below the same month of the year before. The nearest second was Atlanta, with a loss of 16.1 per cent.

But in November, New Orleans' business was 20.5 per cent. lower than in November, 1920.

Every city reporting showed a loss, except Savannah, which gained a tiny bit. Birmingham's October business was 31.2 per cent. lower than the year before, its November business 34.2 per cent. lower. Atlanta's October business was 16.1 per cent. lower, November's 20.5; Savannah's November business was 24.5 per cent. down; in October it was 24.6 down. That's a gain of one point—the only gain recorded. And so on. The general average has already been given.

The Government's figures on the cotton situation, announced in December, depressed the value of that staple greatly. Some of that loss has been won back, and cotton will no doubt go higher still, for the economic law of supply and demand, from all the



Rufus Branch
Our First President.

Merchants National Bank

RICHMOND, VA.

Capital \$400,000
Surplus and Profits over 1,825,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

information available, should make cotton worth considerably more than it is bringing.

The effect of the Government's figures was due more to sentiment than the economy of the situation. They stated that the previous estimate of acreage was too small and cotton went down, but the supply of cotton was not increased, and the need was not decreased. Much indignation has been expressed that this unnecessary situation should have developed.

Even at the prices which cotton brought after the previous estimate, and they were certainly encouraging after the dragging values before then, the cotton crop of the South this year, speaking, generally, was little short of a calamity. With the added handicap mentioned, the difficulties have been increased.

Louisiana's sugar section will do well to break even, despite the smashing large crop, which exceeds the estimates. The price of the finished product is around the cost of production and marketing. Some planters will make a little money, but more will lose—not very much, perhaps, but lose.

The rice situation of Louisiana and Arkansas has, if anything, got a little worse. Prospects for improvement with the turn of the year are, however, considered good.

The lumber situation in the South seems to be greatly improved. Mills are increasing their output, and shipments are holding up nicely. More building is going on than is generally realized, because it is local and scattered. Also, a strong building activity is looked for next spring. Lumber dealers are optimistic, and the deal under way between the Southern Pine Association and the Government of France, which will mean delivery of 80,000,000 feet of southern pine a year for three years, has been a great encouragement to the market. Lumber prices have been steadily working upward for several months, with indications that they will go higher.

Credit conditions are generally reported unsatisfactory. Bills are hard to collect, and wholesalers are scaling down orders to some country merchants, and refusing credit to others entirely.

Having admitted the worst about the situation, we can now look at the other side of the shield.

For one thing, the big losses from liquidation are behind us. The South is therefore much better off now than it was a year ago. It is not necessary to do any more squeezing.

For another thing, planting time will soon be here, and the possibilities of another crop are great. Far-sighted economists months

ago said that the South could not be expected to recover from the post-war crash for at least two crop years, probably three. The wealth to pay for former waste must come out of the ground. That is the only place it can come from. And one year's work wasn't enough to foot the bills.

The loosening up of money conditions should attract new capital to the South, and should speed up business generally, and the South will benefit from this.

The hard sledding of the past year has caused business men to look for every economy possible, and, impelled by this urge, they have patronized the Government barge line greater than they would have done, had times been easier, because of the 20 per cent. saving. This is shown in the greatly increased tonnage carried by the barge line. And a direct result, that will bear increasing fruitage in the future, has been a stimulation of interest in river transportation, and the development of river facilities to handle the business. At a number of places on the Mississippi we are a great deal nearer to having waterfront terminals than we were a few months ago.

One of the most important business developments of the South has been the sale of a \$6,000,000 bond issue by the dock board of New Orleans to complete the industrial canal, and to build new wharves and facilities on the river. They are needed for the new trade that New Orleans confidently expects, as conditions in foreign countries become more stabilized, and as New Orleans is the port of the Mississippi Valley—the second port in the country—this new business will mean better times in the interior.



VIRGINIA TRUST COMPANY ELECTIONS

The annual meeting of the stockholders of the Virginia Trust Company, Richmond, Va., was held in their new banking house.

The stockholders were very much gratified with the reports of the officers, which showed that during the year \$200,000 had been transferred from undivided profits to the surplus account, making that account now stand \$1,000,000, all of which has been earned; they also showed that the deposits of the company had increased over \$1,000,000 since the company moved into its new home on May 31 of last year, with encouraging prospects for increasing business and demonstrating the wise policy of the directors in providing new and enlarged quarters to properly house the company's business.

Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank Baltimore, Md.

Capital, \$1,500,000

Surplus, \$1,000,000

WALDO NEWCOMER, President

SUMMERFIELD BALDWIN, Vice-President

CLINTON G. MORGAN, Vice-Pres.

JOSEPH W. LEFFLER, Cashier

WILLIAM R. WEBB, Asst. Cash.

All of the old officers and directors were re-elected, as follows:

Herbert W. Jackson, president; T. C. Williams, Jr., Walker Scott, L. Z. Morris, vice-presidents; T. C. Gordon, trust officer; Ernest M. Long, associate trust officer; Lewis D. Aylett, secretary; John H. Southall, treasurer; P. B. Watt, assistant secretary; W. B. Jerman, assistant treasurer; Charles Watkins, manager bond department.

Directors: E. B. Addison, W. Meade Addison, John W. Boyd, Jonathan Bryan, Spencer L. Carter, J. Elwood Cox, W. S. Forbes, Charles W. Horne, Herbert W. Jackson, J. J. Montague, L. Z. Morris, John L. Patterson, Morton B. Rosenbaum, Walker Scott, Fritz Sitterding, Jaquelin P. Taylor, Gordon Wallace, T. C. Williams, Jr., John L. Wingo, Coleman Wortham.

The statement of condition of the company at December 31, 1922, showed total resources of \$6,066,027.90; surplus, \$1,000,000; undivided profits, \$9,196.61, and deposits, \$3,984,583.14.

AMERICAN NATIONAL BANK,
RICHMOND, VA.

The American National Bank of Richmond, Va., has sent out post cards to all

citizens suggesting that they be sent to members of the General Assembly. The card reads as follows:

Mr. Citizen:

If you agree with us that these are the first things the General Assembly should do, won't you sign the enclosed card and send it to the member whom you helped to elect?

AMERICAN NATIONAL BANK,
Richmond, Virginia.

Mr. Legislator:

Virginia Needs AT ONCE:

Trunk line roads North and South, East and West.

A road from Washington to Norfolk immediately.

A great University Medical School. The doctors who know conditions say Richmond is the right place for it. Don't delay. ACT.

A great Historical Pageant in May, 1922, to advertise our state by bringing people here and to teach our own people what we have.

Such changes in our tax laws and our interest laws as will keep money at home, as well as attract outside capital.

Mr. Legislator: don't delay by trying to accomplish too much. Do these things first.

INTERSTATE TRUST AND BANKING COMPANY, NEW ORLEANS

Five new names appeared on the board of directors of the Interstate Trust and Banking Company, New Orleans, after the meeting of the stockholders, January 9, 1922. The new members are Charles Green, general manager Eastman Gardner Company, Laurel, Miss.; E. H. Michel, prominent lumber and brick dealer of New Orleans; Esmond Phelps, a member of the

legal firm of Spencer, Gidiere, Phelps and Dunbar; Dr. Louis Canepa, prominent practicing physician of New Orleans, and Valentine Merz, president of the Dixie Brewing Company. All other directors were re-elected, and in addition to the above the board will consist of the following:

Leigh Carroll, Mrs. John Dibert, E. F. Dickinson, Lynn H. Dinkins, George W. Dodge, Napoleonville, La.; John W. Fairfax, Charles Payne Fenner, B. G. Flowers, Jackson, Miss.; Charles Karst, Joseph W. Lennox, Algiers, La.; James D. Lacey, Chicago; William T. Maginnis, C. G. Rives, Jr., Mrs. S. B. Sneath, Tiffin, Ohio; Charles B. Thorn.

SOUTHERN BANK OPENS NEW BRANCH

Westwego is the location of the newest branch of the Jefferson Trust and Savings Bank in Gretna, La. Announcement to that effect was made by Cashier W. R. Boggs on January 19. At the same time it was announced that the capital of the bank would be liberally increased to provide the needed means for this expansion, and the influence of the bank, now one of the largest and the oldest in Jefferson Parish, will be widely extended. The main office of the bank is at Gretna and it already possesses a branch at Kenner. William H. Sexton, now chief paying teller in the main bank, will be the manager of the new Westwego branch.

During the last year the deposits of the bank have shown a steady increase, a record few banks can show during the past year. The interior of the building was given extensive repairs and in addition the regular 12 per cent. dividends were declared, and a large amount added to the surplus. The bank's correspondents are the Interstate Trust and Banking Company of New Orleans, the Bank of America, New York, and the Chicago Trust Company of Chicago.

COFFEE COUNTY (ALA.) ERECTS MONUMENT TO THE BOLL WEEVIL

According to the *Alabama Markets Journal*, the business men of Enterprise, Coffee County, Alabama, have erected a monument costing approximately \$3,000 to "Billie" Boll Weevil.

According to the *Journal*, the Enterprise citizens believe that the boll weevil has done more good for that section of the country than anything else that has happened in years. Thus in appreciation of his splendid service, a monument in his hon-

or was recently unveiled on the principal thoroughfare in Enterprise.

A bronze tablet near the base of the monument bears the following inscription:

"In profound appreciation of the Boll Weevil and what it has done as the herald of prosperity this monument is erected and dedicated by the citizens of Enterprise and Coffee County."

The *Hibernia Rabbit* states that C. A. O'Neal of the Enterprise Cotton Mills has said that with the advent of the boll weevil several years ago, the farmers began diversifying and substituted peanuts for cotton, and as a result made Coffee County the leading peanut-producing county in the world, the cost of production as compared to cotton being cheaper and the yield larger.

The journal above referred to states that the annual cotton crop of Coffee County before the boll weevil came was worth \$1,500,000 and that today the peanut crop alone is said to be worth three times that amount, or \$4,500,000.

Thus it appears that the boll weevil has proven the everlasting truth of the old saying that "'Tis an ill wind that blows nobody some good."

FIRST NATIONAL BANK OF BILOXI, MISS., OPENS NEW HOME

The First National Bank of Biloxi, Miss., has moved into its new banking home.

The main banking room, seventy by forty-five feet, is finished in white and mahogany,



New banking room of the First National Bank of Biloxi, Miss.

and is divided by a central lobby; the officers' quarters, consultation room, discount window, exchange and collection window are situated on the right side of the entrance, and a writing room, women's rest room and tellers' cages are on the left.

First National Bank

Richmond, Virginia



The Old First--Established in 1865

Capital and Surplus . . . \$3,500,000

Resources 30,000,000

OFFICERS

JOHN M. MILLER, Jr. President
C. R. BURNETT Vice-President
ALEX. F. RYLAND Vice-President
S. P. RYLAND Vice-President
S. E. BATES, Jr. Vice-President
THOS. W. PURCELL, V-Pres. & Tr. Officer
JAMES M. BALL, Jr. Cashier

ALWAYS a leader in the promotion of industrial and commercial enterprises of the South, and exceptionally well qualified to handle the accounts of banks, corporations and individuals.

The safe deposit vault is in the rear of the banking room.

Other rooms in the rear are devoted to taking care of the bank's property and the welfare of its employees.

The bank was organized in 1893 and was located in a small wooden building, but its growth made necessary removal to quarters of its own, and in 1896 it moved into a new brick building. These quarters soon proved inadequate and it again moved. Its occupancy of these quarters extends over a period of eighteen years, until the bank recently found it necessary to move into an even more commodious banking room.

The capital of the bank is \$100,000, surplus \$40,000 and deposits \$1,000,000.

INHERITANCE TAX LAW OF LOUISIANA

"The Inheritance Tax Law of Louisiana" is the title of a pamphlet recently issued by the Interstate Trust and Banking Company of New Orleans. It gives in convenient form a complete reprint of Act 127 of 1921, passed by the Louisiana Legislature at its last session completely changing and revising the state taxes made on inheritances.

H. M. Young, trust officer at the Inter-

state, in discussing the reasons for the publishing of the booklet, said: "At the last session of the Legislature in Baton Rouge, the inheritance tax law was changed and re-written. Changes were made of importance. The widespread interest in the proper handling of estates, and the awakened desire on the part of many people to make their will and leave intelligent directions for the distribution of their property, have brought a desire for information regarding the taxes due the state on inheritances. We have accordingly reprinted the Louisiana law in convenient form."

HIBERNIA BANK AND TRUST COMPANY

The report of condition of the Hibernia Bank and Trust Company, New Orleans, La., at December 31, 1921, showed total resources of \$49,493,194.27; surplus, \$2,500,000; undivided profits, \$104,920.67, and deposits, \$40,344,221.29.

AMERICAN NATIONAL BANK, ASHEVILLE, N. C.

Experiences of a lifetime in the banking business, including the establishment four decades ago of a bank with \$2,000 as the

Bank of Charleston, N. B. A.

CHARLESTON, S. C.

Capital.....	1,000,000
Surplus and Profits....	1,000,000
Resources.....	15,000,000

E. H. Pringle, Pres.
 E. H. Pringle, Jr., Vice-Pres.
 R. S. Small, Vice-Pres.
 A. R. LaCoste, Vice-Pres.
 G. W. Walker, Cashier.
 J. H. Lucas, Assistant Cashier.
 C. N. Fishburne, Asst. Cashier.

Special attention given to city collections.
 Drafts on Charleston drawn with exchange
 remitted without charge.

capital, a tin box as the safe, a small table the only office fixture and a pistol in the hands of a man of character; the reorganization of a large bank and "resurrection" of another, were revealed to officials, directors and employees and a few of the American National Bank and others, by L. L. Jenkins at a banquet given by him at the Battery Park Hotel, Asheville, N. C.

Several months ago Mr. Jenkins made the proposal that when safety deposits of the American National Bank reached the half million dollar mark he would give a banquet for all connected with the bank. He arrived in the city Thanksgiving Day, and on the eve of his return to Washington made good his promise.

Acting as toastmaster Paul P. Brown, assistant cashier of the bank, explained that Mr. Jenkins was making good his promise and forecasted another banquet to be tendered when the total deposits pass the three million dollar mark. Following the introductory remarks by the toastmaster, Mr. Jenkins delivered a short address.

Among those speaking were J. E. Rankin, president; A. E. Rankin, vice-president and cashier; William M. Redwood, one of the oldest directors; Charles Lee, bank attorney; F. R. Hewitt, Gilmer Morris, Harmon A. Miller, Charles A. Webb, directors; and J. L. Deadwyler, development agent.

FULTON NATIONAL BANK OF ATLANTA

At the regular meeting of stockholders of the Fulton National Bank of Atlanta, Ga., R. G. Clay was promoted to vice-president and cashier, and Ronald Ransom was elected vice-president and trust officer. The bank, on December 19, 1921, moved into a new building to be devoted exclusively to banking.

ELECTED HEAD OF NEW ORLEANS CLEARING-HOUSE ASSOCIATION

James P. Butler, Jr., president of the Canal-Commercial Trust and Savings Bank, New Orleans, La., and its eighteen branches, was elected president of the New Orleans Clearing-House Association, at its annual meeting.

R. S. Hecht, of the Hibernia Bank, was elected vice-president, and John E. Bouden, of the Whitney Bank; L. M. Pool, of the Marine Bank, and Charles J. Theard, of the Citizens Bank, were re-elected as the committee on management, the president and vice-president completing the committee.

J. H. Peterson was re-elected bank examiner and Charles A. Morgan was re-elected manager of the clearing-house.

SAMUEL FITTS ALSTON

The directors of the City National Bank of Tuscaloosa, Ala., have announced the death of their president, Samuel Fitts Alston, on Wednesday, January 11, 1922.

FEDERAL INTERNATIONAL BANKING COMPANY

The Federal International Banking Company of New Orleans, in a statement of December 31, 1921, shows total resources of \$12,579,063, with undivided profits of \$90,310. The bank was organized last year and its stock is owned by approximately 1,800 Southern banks. The institution has directed its efforts particularly toward the financing of exports of Southern products.



Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

CONDITIONS in the seventh Federal Reserve district during the first month of the year are in striking contrast to those existing at the beginning of 1921, and the change is all for the better. Progress in the readjustment toward normal is so slow that it is hardly perceptible as observed from week to week, or month to month, and it would be strange if there were no signs of impatience at the tardiness of returning prosperity; but when comparison is made with a year ago there is much reason for encouragement. In January, 1921, the banks were laboring under a heavy burden of loans, while rediscounts at the Federal Reserve bank and reserve note circulation were just past the peak. Now liquidation is far advanced, rediscounts have been reduced by \$150,000,000 and reserve note circulation is less by about \$225,000,000. Then commercial paper was on a basis of 8 per cent. minimum, whereas the range now is $4\frac{3}{4}$ to $5\frac{1}{4}$ per cent. Brokers' collateral loans and customers' over-the-counter loans were 8 to $8\frac{1}{2}$ per cent. a year ago; now they are $5\frac{1}{2}$ to 6. Prices of commodities are down 25 to 75 per cent. in the twelve-month. The volume of business has increased from the low point of last July and there are signs of revival in industry. That is not a bad showing for a year of drastic deflation. There have been failures, to be sure, and there will be more. There are still "lame ducks" being nursed along in the hope that they may yet be able to paddle their own way again, and some of them may never paddle; but the great majority of business houses have survived in sound condition, and these are going ahead now on a more solid foundation than ever before.

There was a flurry of anxiety at the turn of the year when the Fort Dearborn National Bank was taken over by the Continental and Commercial National Bank, and its affiliated trust and savings bank by the corresponding adjunct of the Continental and Commercial. The situation was admirably handled under the direction of George

Organized 1890

For nearly thirty-two years, this company has been an integral part of the advancement of St. Louis and the great central valley of the United States.

Our complete banking, investment and general trust company facilities are at your service.

Mississippi Valley Trust Co.

*Capital, Surplus and Profits
over \$8,000,000*

Saint Louis



M. Reynolds, chairman of the Continental and Commercial banks, the \$60,000,000 business of the two embarrassed banks was taken over without any disturbance and within a day or two everything was going along as if nothing unusual had happened. Depositors are assured against any loss whatever, the \$8,000,000 capital and surplus of the Fort Dearborn banks, together with a guarantee of \$2,500,000 given by the clearing-house association, being ample to cover any doubtful assets. Whether or not the Fort Dearborn stockholders will lose anything cannot be told until the process of liquidation is completed, but the indications are that the banks will pay out. They

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"THE MARK OF SAFETY"
Protected by individual bonds of
The American Guaranty Company.
These checks are the safest you can use.

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**For the greater protection
of you and your depositors
without increased cost.**

In hundreds of towns and cities these INSURED checks are now already being used by banks as a powerful influence to attract new business.

A Master Bond, beautifully designed and framed to hang in the lobby, protects each bank. Individual Bonds guard your depositors, providing most perfect identification also. They give banks a fine "point of contact" in their constant visible evidence of security against check raisers. Is your bank helping to prevent a loss estimated at \$30,000,000.00 for a single year?

Write us or see our representative

The Bankers Supply Company

*The Largest Manufacturers of Bank Checks
in the World*

New York Chicago Denver
Atlanta Des Moines San Francisco

were not in bad condition, but became involved through the over-extension of an estate, their largest stockholders in outside industrial enterprises which had nothing to do with the banking business. It became necessary to reorganize the Englewood State Bank, in which this same estate was interested, under the name of the First Englewood State Bank, with new capital and a new board, bringing it into clearing-house affiliation and safeguarding its depositors also. Beyond this there were no after effects of the incident. The manner in which affairs were conducted by the clearing-house association gave another impressive demonstration of the broadened scope and the efficiency of that institution, of its growing usefulness and the strength that has been given to the whole local banking structure through its operations.

Much of the credit for the development of the clearing-house association to its present commanding position is due to James B. Forgan, chairman of the board of the First National Bank and of the First Trust and Savings Bank. For this reason more than usual interest was aroused by the retirement of Mr. Forgan as chairman of the executive committee of the clearing-house association after twenty-five years of service in that position. Announcement of his relinquishment of the place was made at the annual meeting of the association in January, when George M. Reynolds was elected to the office. Mr. Forgan's retirement was voluntary, and he expressed regret that advancing years made it necessary for him to shift some of his duties to younger men. He is more than seventy years old, and his health for some time has not been good.

The country districts continue to lag in the matter of liquidation. This is not surprising when the low prices of agricultural products are given consideration. The large city banks are virtually clear of loans from the Federal Reserve bank, but rediscounts are still high and the reason is to be found in the rural sections. Government loans made through the War Finance Corporation are helping materially in relieving the situation, and marketing of farm products, notwithstanding the small return they bring to the producer, continues on a large scale. It will require a year or two more of good soil yields to enable the farmer to pay out. Meanwhile there is considerable discouragement because of the weakness of grain and livestock markets, in which prices are at pre-war levels. Supplies are ample, and domestic consumers, as well as Europe, are disposed to buy from hand-to-mouth. Wheat has shown little rallying power, notwith-

standing the threat of a crop scare because of an unprecedented drought in the Southwest. Corn has made only a feeble response to the buying of some millions of bushels for Russian relief, while the stocks of oats, the largest on record, keep that market down.

Commercial business is satisfactory, but lacks snap. Wholesale orders are ahead of those at the corresponding time last year, and the growing steadiness of textile markets encourages greater confidence on the part of merchants in the covering of distant needs, but the great bulk of buying is now, as it has been for many months, for at-once delivery and mainly of commodities which because of staple character or reduced prices lend themselves most readily to use for the purpose of special sales. January offerings by retailers have been noteworthy because of exceptional energy in exploitation and have met with a good response. Bedding, staple cottons, knitwear and shoes all share in a well distributed demand.

Prosperity has walked into the rubber trade in flapping goloshes. The sales of this style of footwear are so large that retailers cannot keep stocks on hand. The principal distributor of these goods in the central states had on hand in mid-January orders for 600,000 pairs which could not be filled because they could not be manufactured fast enough. All of which would indicate that the American girl wants what she wants when she wants it. And when she wants it, it is bought. It seems, moreover, that public buying-power is not so much impaired that a fad cannot stimulate to sales equal to or far beyond normal. That is a comforting disclosure.

There is encouragement also in the fact that savings deposits are slowly but steadily increasing. There was an actual gain of some \$10,000,000 by the Chicago banks from September 6 to December 31 last, bringing the total close to the high record mark of \$509,000,000 recorded in the first half of last year. Thrift, it appears, makes headway against the handicaps of unemployment and high prices.

Manufacturing shows little improvement. There has been some gain in the steel industry because of an increase in railroad buying, and this has been beneficial to the interests that contribute to car and equipment construction. Building is still held back by complicated labor troubles, but there has been a large amount of dwelling construction throughout the winter, which has brought about a moderate movement of materials and also more activity in the trade in household furnishings than at any other

First



Chicago

Developed through the growth and experience of more than half a century

The First National Bank of Chicago

James B. Forgan, Chairman of the Board
Frank O. Wetmore, President

and the

First Trust and Savings Bank

James B. Forgan, Chairman of the Board
Melvin A. Traylor, President

offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

**Combined resources over
\$375,000,000**

time in a year or so. The Chicago district has been benefited much by natural advantages in obtaining most of the orders for 25,000 cars placed in the last month. These, however, have not caused much increase in steel mill operations, which are at about 40 per cent. of capacity.



CONTINENTAL AND COMMERCIAL TAKES OVER FORT DEARBORN BANKS

An all day session of the Clearing-House Committee and leading banking interests of Chicago on January 2 culminated in the late afternoon in unanimous approval for the absorption of the Fort Dearborn National Bank and the Fort Dearborn Trust and Savings Bank by the Continental and Commercial National Bank and the Continental and Commercial Trust and Savings Bank, respectively.

This decision averted a potential crisis in the affairs of the Fort Dearborn banks. The deposits of the latter were guaranteed by the Continental and Commercial Banks and the clearing-house guaranteed the Continental and Commercial Banks to the extent of \$2,500,000. To this is added an additional guaranty by the directors of the Fort Dearborn banks.

In a clearing-house statement issued through James B. Forgan, chairman, it was said that the difficulties of the Fort Dearborn banks were due to the over-extended condition of Edward Tilden & Company, and some recently made loans and investments which proved to be bad. An examination by the Chicago clearing-house examiner disclosed that the capital of both the Fort Dearborn banks has been seriously impaired. The Tilden interests were by far the heaviest stockholders in the Fort Dearborn banks and the operations of this firm precipitated the difficulties. The present estimate is that the stockholders of the Fort Dearborn banks will receive from \$130 to \$140 per share for their holdings when the liquidation has been finished.

There was spirited bidding between the First National Bank, represented by James B. Forgan, and the Continental and Commercial Banks, represented by George M. Reynolds. The latter won with a payment of approximately \$1,250,000 for the assets and good will. In a statement issued to the press, Mr. Reynolds said: "All deposits in the Fort Dearborn National Bank and in the Fort Dearborn Trust and Savings Bank have been guaranteed by the Continental

and Commercial National Bank and the Continental and Commercial Trust and Savings Bank, respectively, and checks drawn against accounts of the Fort Dearborn National Bank will be honored by the Continental and Commercial National Bank and the deposits including savings accounts in the Fort Dearborn Trust and Savings Bank will be placed to the credit of depositors on the books of the Continental and Commercial Trust and Savings Bank. The business carried on by the Fort Dearborn National Bank and the Fort Dearborn Trust and Savings Bank will hereafter be conducted by the Continental and Commercial National Bank and the Continental and Commercial Trust and Savings Bank, respectively, at their offices, 208 South LaSalle street."

This culmination came after 5 o'clock on January 2, and it was, therefore, necessary to move the entire Fort Dearborn National Bank and the Trust and Savings Bank over to the Continental and Commercial building, so that business could be resumed at the usual time in the morning. All of this was successfully accomplished, and the officers and employees of the Fort Dearborn banks went to work in their new quarters on Tuesday morning.

It has not yet been determined what the new organization will be. The Fort Dearborn banks had approximately 500 employees. The deposits of the two banks, including more than seven million dollars in savings, totaled nearly sixty million dollars. With this accession to its business, the total deposits of the Continental and Commercial Banks are more than 400 million dollars, and its statement will show total resources of 500 million dollars.

WEARY AND ALFORD COMPANY ANTICIPATE BUSY SEASON

The Weary & Alford Company, bank architects, 1732 South Michigan Boulevard, Chicago, are anticipating a busy season in their line, having a large number of new building projects that are likely to materialize as soon as conditions warrant. Among these are the following:

Bids are being taken so that work may start in the spring on monumental bank buildings for the Beloit State Bank, Beloit, Wis.; Dansard State Bank, Monroe, Mich.; Wabash National Bank, Wabash, Ind.; two branch bank buildings for the Grand Rapids Savings Bank, Grand Rapids, Mich.; an eleven-story bank and office building for the Peoples Bank and Trust Company, Marietta, O., and bank and office buildings for the Benton State Bank, Benton, Ill., and

Buying and Selling

orders for Liberty Loan Bonds and Victory Notes promptly executed.

Nominal market quotations on Liberty Bonds are furnished daily upon request.

Correspondent banks are invited to use this service.

General Banking Trust Service Investments
Foreign Department

The NATIONAL CITY BANK of CHICAGO

DAVID R. FORGAN, *President*

Bond Department
R. U. LANSING, Vice President & Manager

Banks and Bankers Department
F. A. CRANDALL, Vice President

First National Bank, West Frankfort, Ill.

Other bank work includes remodeling and new fixtures for the Terre Haute Trust Company, Terre Haute, Ind.; Ogden State Bank, Ogden, Utah; People's Bank, Waukegan, Ill.

Work is now progressing on the \$600,000 building for the Woodlawn Trust and Savings Bank, Chicago; the \$300,000 building of the First National Bank, McKeesport, Pa.; the \$500,000 building for the National Lumbermans Bank, Muskegon, Mich.; the new building of the Lake Shore Trust and Savings Bank, Chicago; the First National Bank, Colorado Springs, and the First National Bank, El Paso, Tex. Extensive alterations, new banking interior, vaults and fixtures are also being planned for the Central Wisconsin Trust Company, Madison, Wis.

In order to further facilitate their growing business, the Weary & Alford Company are also about to commence work on a building for their own exclusive use, to be located at Calumet avenue and Twentieth street, on the lake front. This building will be of stucco in the Spanish mission style, with red tile roof, and will be equipped with reception rooms, studios, etc., for the convenience of the firm's many customers and

for carrying on the work with greater facility and despatch.

NATIONAL BANK OF THE REPUBLIC OF CHICAGO

The statement of the National Bank of the Republic of Chicago for the year ending December 31, 1921, showed total resources of \$29,990,008.85, surplus of \$1,000,000.00, undivided profits of \$678,863.61 and total deposits of \$24,784,001.09.

CLEVELAND TRUST GROWTH IN FOUR YEARS

A record of sustained growth was reported by President F. H. Goff at the annual meeting of the Cleveland Trust Company, Cleveland, O. Quoting from figures tabulated by Secretary H. D. King, Mr. Goff reported a 46 per cent. gain in deposits in the four years ended December 31, 1921. From that time until January 16 of this year, Mr. Goff said, there had been a gain of approximately \$1,200,000 for that period.

Otto A. Schuele, vice-president of the Fries & Schuele Co., and J. C. Brooks of the law firm of Boyd, Cannon, Brooks & Wickham were added to the directorate.

R. A. Malm, assistant trust officer in charge of the bank's trust corporation department, was made a vice-president and H. H. Allyn, assistant trust officer in the estates department, was named a trust officer. Both departments are under supervision of Vice-President I. F. Freiburger.

J. H. Janson, formerly vice-president of the Northern National Bank and the Northern National Savings and Trust Company, was elected an assistant treasurer.

ANNUAL ELECTIONS OF THE UNION TRUST COMPANY

Nine promotions have taken place at the Union Trust Company of Cleveland, five at the main office and four at the Woodland bank office.

At the main office, William Tonks, manager of the credit department, has been promoted from assistant vice-president to vice-president; J. H. Caswell, of the real estate loan department, has been raised from assistant treasurer to assistant vice-president. A. C. Coney and C. B. Lincoln, of the bond department, have been made assistant vice-presidents.

D. D. Grigor of the business extension department has been made assistant treasurer.

At the Woodland bank office, L. J. Hajek, who is to be the manager of the new 105th-Pasadena office, has been promoted from assistant secretary to assistant vice-president. B. J. Lackamp has been named assistant treasurer and J. L. Tekesky and Joseph Kakes have been given the title of assistant secretary.

J. R. Nutt, president of the Union Trust Company, was recently elected treasurer of the Cleveland Community Fund at the annual meeting of the Fund's Council on January 17.

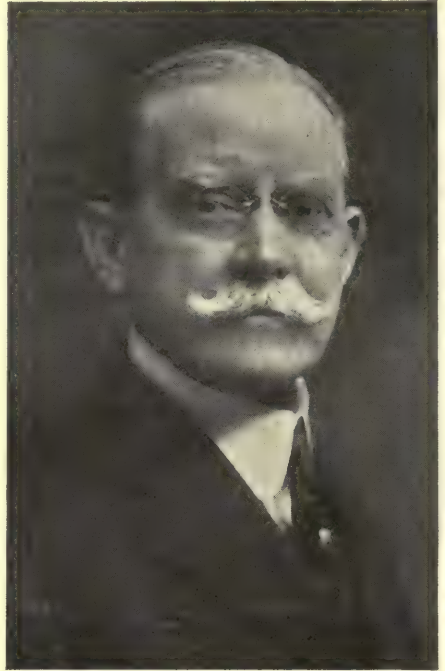
DAYTON, O., FOUNDATION FUND STARTED

John H. Patterson, the pioneer of industrial welfare work, whose activities along that line have attracted world-wide attention, took another philanthropic step on January 1, 1922, when he, with other owners of the National Cash Register Company, started the Dayton Foundation fund.

The Dayton Foundation is a fund to be used for the very highest type of charity and benevolent purposes. The principal of the accumulated fund is to be held as one common trust fund, and the income used for the benefit of the community in such manner and for such purposes as the future may prove to be most desirable.

The fund will be maintained by the union

of gifts from charitable, public-spirited citizens. The money will be deposited with Dayton banks and trust companies acting as trustees. The income from the gifts will be applied as directed by a distribution



JOHN H. PATTERSON

Chairman of board National Cash Register Company,
Dayton, Ohio

committee, which will always consist of five members. The charter under which the Foundation Fund will function is perpetual.

The first contributors to the Dayton Foundation fund are:

John H. Patterson, who gives \$137,500; Mrs. H. G. Carnell, \$93,750, and Robert Patterson, \$18,750.

John H. Patterson is the founder and chairman of the board of directors of the National Cash Register Company. For many years he has given generously of his time and money for the betterment of mankind. Mrs. Carnell is a sister-in-law of John H. Patterson, and Robert Patterson is his nephew.

The Foundation plan is not an experimental one. It originated in the mind of Judge Frederick H. Goff, who in 1914 established the Cleveland, O., Foundation. Since that time similar Foundations have been



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COAL MINE
Pay a Profit?**

Fit your operating methods to present market conditions by discovering every possibility of lower cost or economical increase in output. You get the advantage of 38 years of active ownership and nationwide coal mine management in—

PEABODY
Consulting Service

What we are constantly doing for others is an indication of how our experienced service may profit you. We also prepare plans for opening and developing; examine and appraise; and serve in advisory capacity to banks, trust companies and bond houses. Write for booklet descriptive of Peabody service.

PEABODY
COAL COMPANY

Founded 1883

332 South Michigan Ave. - CHICAGO

*Operating 36 bituminous mines in 11 fields
with annual capacity of 18,000,000 tons.*

established in nearly forty large centers covering all parts of the United States.

The Dayton Foundation will enable persons who are charitably or benevolently inclined to give in either large or small amounts to general or specific charitable purposes.

As the Foundation funds in other cities have grown rapidly to large proportions, it is predicted that the Dayton Foundation

soon will become one of the city's most substantial agencies for good.

CLEVELAND BANKS TO MERGE

Consolidation of the Cleveland Trust Company, the Lake Shore Banking and Trust Company and the Garfield Savings Bank all of Cleveland, O., was agreed upon recently by the directors of the three institutions. The proposal was to be submitted to the stockholders February 7.

The merger will place the total resources of the bank, to be known as the Cleveland Trust Company, at \$165,000,000, with deposits of approximately \$145,000,000 and capital and surplus of \$13,000,000.

The three banks have 364,000 depositors, with savings deposits of \$85,000,000.

**FIRST NATIONAL BANK OF
CHICAGO AND FIRST TRUST AND
SAVINGS BANK**

The statement of condition of the First National Bank of Chicago at January 3, 1922, showed total resources of \$224,716,015.72, surplus of \$12,500,000, undivided profits of \$3,768,512.10, and total deposits of \$178,346,491.94.

The statement of the First Trust and Savings Bank of Chicago at January 3, 1922, showed total resources of \$108,873,955.07, surplus of \$6,250,000, undivided profits of \$1,813,216.27, and total deposits of \$89,481,297.94.

**MISS JESSAMINE HOAGLAND
ELECTED AN OFFICER**

At the annual meeting of the board of directors of the National City Bank of Chicago, Miss Jessamine G. Hoagland was elected an officer of the bank with the title of manager of the savings department.

Miss Hoagland has been in active charge of the savings department since its installation in 1914. There were but 500 depositors in that department when she went to the National City, and now there are almost 18,000.

In addition to directing the work of the savings department, Miss Hoagland has been in charge of all the advertising and publicity work of the bank. She is the one woman member of the executive board of the Associated Advertising Clubs of the World, is president of the Women's Advertising Club of Chicago, is serving a third term as director of the Financial Advertisers Association, and at the recent annual election of the Advertising Council of the Chicago Association of Commerce was elected vice-

chairman of the executive committee of the financial department.

WALKER McLAURY ELECTED DIRECTOR

Walker G. McLaury, vice-president of the National City Bank of Chicago, was elected, at its annual meeting, a director of that institution. Mr. McLaury joined the staff of the National City Bank of Chicago as credit manager in 1908. He was made as-



WALKER G. McLAURY

Vice-president National City Bank of Chicago,
elected a director

sistant cashier in 1911; in 1913 was elected cashier, and in 1919 a vice-president.

Unlike many Chicago bankers, Mr. McLaury was born and reared in Chicago and his family was identified with the early history of the city. He obtained his early business training in the brokerage business on LaSalle street and came to the National City Bank from the Western Electric Company, where he had spent considerable time in both the mechanical and financial branches of that corporation.

Mr. McLaury graduated at the University of Chicago, and later did some work in electrical engineering at Cornell. He was an active member of and is at present trustee for the Psi Upsilon Fraternity, and is on the directors' of several industrial con-

cerns, as well as interested in the affairs of the University of Chicago.

He is a member of the University Club, Chicago Club, Olympia Fields Country Club, Bankers Club of Chicago, and several trade clubs.

NORTHWESTERN NATIONAL BANK AND MINNESOTA LOAN AND TRUST COMPANY

The statement of condition of the Northwestern National Bank of Minneapolis for the year ending December 31, 1921, showed total resources of \$56,116,159.94, surplus of \$2,000,000, undivided profits of \$1,093,674.38, and total deposits of \$44,084,180.85.

The condition of the Minnesota Loan and Trust Company of Minneapolis for the year ending December 31, 1921, showed total resources of \$9,245,105.89, surplus of \$800,000, undivided profits of \$257,743.45, and total deposits of \$7,023,647.89.

CHICAGO BANK PUBLISHES STRONG STATEMENT

The recent statement of condition of the Central Manufacturing District Bank of Chicago shows graphically the bank's healthy, consistent growth despite the business depression. Total resources are now \$6,919,842.23; capital, \$500,000; surplus and undivided profits, \$410,190.59, and deposits, \$5,633,532.07. The deposits have grown to the present figure from \$2,401,030.66 in 1917.

LIBERTY CENTRAL TRUST COMPANY

The statement of condition of the Liberty Central Trust Company of St. Louis at January 4, 1922, showed total resources of \$47,304,310.40, surplus of \$1,000,000, undivided profits of \$109,620.31, and total deposits of \$37,512,735.95.

NATIONAL CASH REGISTER COMPANY

The National Cash Register Company, Dayton, O., made satisfactory progress during 1921. It gave steady employment to more than 5,000 men and women in Dayton, and as many more in the selling and making fields throughout the world.

Compared with 1920, its working force was slightly reduced. This was done in the interest of efficiency, however, and not to reduce the output of the factory. In fact, more cash registers were built during the year than were constructed in 1920, which

Why Do Banks Choose Their Vice-Presidents from the Outside?

"THE reason for this," said a prominent banker recently, "is that a banker today must be able to talk to business men in their own language, see their outlook as they see it, weigh the human factors behind a balance sheet.

"Men who would be lost in a teller's cage can pass upon the credit risks of manufacturers—instinctively. Better still, they can inspire the confidence and loyalty of men whom they meet on a common basis of mutual respect."

How is a man inside a bank to get that training? Must he leave his desk or his cage to get the experience that will make him valuable as a high executive? Are fidelity and hard work never rewarded?

Sometimes, of course, a rank-and-file worker emerges. But not nearly as often as his ambition deserves, because many men inside a bank do not know where to get the viewpoint of the outside business world.

To such men the Alexander Hamilton Institute has a very encouraging message. It gives them an opportunity to read business just as a law clerk reads law. It provides a definite, careful course of reading embracing the principles that men outside in the business world are learning slowly by their own experience.

While you continue to perfect yourself in the technicalities of banking, you can acquire that knowledge of men and methods and working conditions that makes a bank executive valuable.

The Alexander Hamilton Institute has assembled for you specialists of every line of business. It has asked them to put down in black and white the substance of all that they would ask a business man to know. They have done this, realizing that they are speaking, thru the Institute, to hundreds of thousands of business men.

What these business leaders have prepared—all they want you to know about advertising, salesmanship, plant management, exports, office methods, labor problems, relations with the government, taxation,

Look over the list of vice-presidents of big metropolitan banks. Ask who they are, where they came from, what they were doing when they were called into the high places of finance. Two facts will impress you:

1. That a surprising share of bank executives of today were formerly business men. There are 38 such vice-presidents in 15 representative banks of New York and Chicago.
2. That the number of bank executives who have risen from the ranks is not so great as you might expect.

traffic and shipping, accounting, finance—all this has been assembled and arranged in one orderly, readable Course.

Out of it you will get just what you put in. There is no easy, short road. All the help that others can give you has been put into the preparation of this Course. But, after all, its value rests with you and you alone.

And let this thought determine your choice:

Will vice-presidents always be chosen from the outside? Today they are preferred because they have something which the inside man has not. But suppose the inside man acquires the outside viewpoint and offers the combined resources of technical experience plus the training of the business world. Then Boards of

Directors will not have to look afield for men to fill the vice-presidencies.

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It tells just what the Modern Business Course and Service is and does; just how it has been used by men whose position and problem were precisely like yours. The door is open but the decision must be yours. Will you put it off? Or will you clip the coupon now? The book will be sent without obligation.

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was the biggest year in the history of the company.

Three things contributed to the success of its business in 1921. They were the redoubling of efforts for efficiency in the factory and selling force, the demand of business men everywhere for a machine that would enable them to control their business, and a campaign of national advertising.

GUARDIAN SAVINGS AND TRUST COMPANY

W. M. Pattison, president of the W. M. Pattison Supply Company; W. H. Hunt, president of the Cleveland Life Insurance Company, and Attorney Gardner Abbott, of Tolles, Hogsett, Ginn & Moreley, were added to the board of directors of the Guardian Savings and Trust Company, Cleveland, by action of the stockholders at their annual meeting, January 16, J. A. House, president of the bank, has announced.

At the annual meeting of the board all old officers were re-elected.

SWIFT AND COMPANY REPORTS A TRADING PROFIT OF \$12,000,000 LAST YEAR

Although Swift & Co., packers, earned a trading profit of more than \$12,000,000 in the fiscal year ended November 5, 1921, this profit was more than offset by a loss of \$20,000,000 in inventory values, making the net loss for the year \$7,812,291. After payment of dividends aggregating \$12,000,000 the final deficit was \$19,812,291, thereby reducing the surplus to \$61,739,991. In the preceding fiscal year the company reported net profits of \$5,170,382, but a deficit of \$6,829,618 after payment of dividends.

The drastic readjustment is shown by the fact that inventories were reduced \$57,534,000, accounts receivable \$32,138,000, accounts payable \$8,092,000 and notes payable \$59,751,000. Bank loans are smallest since 1915. Current assets are 204 per cent. of current liabilities.

Aside from the fall in values, Swift & Co. did a good business. Gross sales exceeded \$800,000,000, compared with slightly over \$1,100,000,000 in 1920. The decrease in tonnage was only about 6 per cent.

"Our current business from month to month has been fairly satisfactory, so that, with inventory losses now completely written off, we believe we are on a sound basis for the future," President Louis F. Swift said in his report at the annual stockholders' meeting. "In fact, the situation has been so encouraging during the last three or four months that nothing short of another

general trade depression can keep us from continuing to earn a profit during our present fiscal year.

"It should be understood that our reason for being unable to show a profit for the twelve months is due largely to the fall in prices of commodities on hand. During the prosperous years of the war we provided for the decline by appropriating large amounts of surplus in order to maintain the company in sound financial condition, enabling us to continue the payment of regular dividends. The prospects are that Swift & Co. will continue the payment of dividends."

LIBERTY CENTRAL TRUST ELECTS TWO NEW OFFICERS

According to announcement recently made by J. L. Johnston, president of the Liberty Central Trust Company of St. Louis, W. A. Gordon and Edwin L. Slocum have been elected assistant vice-presidents.

Mr. Gordon recently came to the Liberty Central from the American Stove Company of Cleveland. At Cleveland he was active in the work of the Cleveland Association of Credit Men, serving two years on its board of trustees. Last year he was instructor of the class in credits maintained by the Cleveland Y. M. C. A. Although not born in St. Louis, Mr. Gordon has spent most of his life here.

Mr. Slocum, who received his early training in banking in the house of Hallgarten & Company, New York, has been connected with the Liberty Central for about two and one-half years. During that time he was in the new business department. He is a graduate of Yale.

COMMERCE TRUST COMPANY ELECTIONS

At the annual meeting of the Commerce Trust Company, Kansas City, Mo., Miss Emma M. Hall was elected to the office of assistant secretary. Among the large banks of Kansas City, her office is unique in that she is the only woman holding the position of an elected officer.

Miss Hall is a native of Nebraska. In 1906 she began her bank work as stenographer and exchange teller in the Farfield Exchange Bank at Enid, Okla. The following year she came to Kansas City and was employed by the Night and Day Bank, and when that institution was absorbed by Commerce Trust Company, the Commerce acquired Miss Hall as a bookkeeper.

For the past nine years she has been in the bond department of the Commerce, for the past three years as office manager of that department.

An expert in government securities, Miss Hall sometimes has handled the purchase and sale of two or three million dollars in Government bonds in a single day. In speaking of her advancement, W. T. Kemper, chairman of the board, said: "In Miss Hall's case we were pleased to make the same recognition of efficiency that is accorded by banks to young men among the employees who show outstanding ability."

The Commerce Trust Company elected to its board two new directors, L. L. Marcell, president of the White Eagle Oil and Refining Company, and Bryce B. Smith, president of the Consumers Bread Company of Kansas City and also president of large banking interests in Wichita, Tulsa and Oklahoma City.

G. PRATHER KNAPP JOINS BANKERS SERVICE CORPORATION

President Breckinridge Jones, of the Mississippi Valley Trust Company, St. Louis, announced on January 14 that G. Prather Knapp, publicity manager of that institution, will leave it on February 1 to become vice-president of the Bankers Service Corporation of New York.

The Bankers Service Corporation has specialized in the development of deposits for financial institutions for thirteen years past and has served thousands of them in various capacities.

Numbered among its clients have been Illinois Trust and Savings Bank, Chicago, Ill.; Guardian Savings and Trust Company, Cleveland, O.; Marine Bank and Trust Company, New Orleans, La.; Ladd & Tilton Bank, Portland, Ore.; Bank of the Manhattan Company, New York, N. Y.; Massachusetts Trust Company, Boston, Mass.; Union and Planters Bank and Trust Company, Memphis, Tenn.; Commercial National Bank, Washington, D. C., and many other prominent institutions.

G. Prather Knapp was educated at St. Louis University and had his original entrance into publicity work under W. A. Kelso in the publicity department of the World's Fair at St. Louis. He has served the Mississippi Valley Trust Company in various capacities for many years and was given a place on the officers' staff of the institution, as publicity manager, in 1919. For two years past, he has been a member of the committee on publicity, Trust Company Division, of the American Bankers Association and was elected a director of the Financial Advertisers Association at its convention in Atlanta in June, 1921.

He has been active as a speaker and writer on **publicity and developmental work**

for financial institutions and his expressions on the subject have been widely quoted in newspapers and banking journals. Notable among his recent productions are: "Public Relations of the Trust Department," *Trust Companies*, October, 1920; "A Bank Account in Every Home," *Bankers Monthly*, December, 1921; "How Much to Spend on



G. PRATHER KNAPP
Vice-president Bankers Service Corporation of
New York

publicity," *Burroughs Clearing House*, November, 1921; "Christmas Advertising for Banks and Trust Companies," *Financial Advertisers Association Bulletin*, December, 1921.

His speech on "The Daily Newspaper and Its Use by a Bank," before the Financial Advertising Departmental of the Associated Advertising Clubs of the World, at Atlanta, last June, was selected, as the best speech of the departmental, for re-delivery to the general convention.

He will head the advertising division of the Bankers Service Corporation, of which Carlisle H. Baldwin is president and R. B. Nisbet, Jr., is managing vice-president. Other vice-presidents are Robert Greig, Harry C. Graham, George J. Bailey, Thomas L. Farrar and W. A. Leonard. M. A. Hanna is secretary and George F. Taylor is treasurer.

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AUCTIONEERS

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NATIONAL BANK OF COMMERCE IN ST. LOUIS

The National Bank of Commerce in St. Louis shows a gain of \$1,343,921.45 in savings in 1921. The department, now four years old, has 45,000 savers, with total deposits of \$6,821,110.14. H. H. Reinhard is in charge of the savings. The dividend rate on Commerce stock was raised from 7 to 8 per cent.

At the annual stockholders' meeting directors for 1922 were elected. Two new directors, W. Frank Carter and J. C. Doneghy, were added to the board. W. Frank Carter, one of the new directors, is of the law firm of Carter, Collins & Jones, former president of the Chamber of Commerce and an outstanding figure in St. Louis' civic affairs, having been a member of the City Plan Commission and last year president of the School Board. He was for years vice-president of the Mercantile Trust Company.

Mr. Doneghy is a large land owner of Oklahoma, and one of the prominent factors of the oil business in that state. He is owner of the City State Bank, Wellington, Tex., and of the First State Bank at Headwater, Tex., besides being a large holder in many other banks throughout Texas and Oklahoma.

In his annual letter to the stockholders of the bank, the president, John G. Lonsdale, reviewed the business of the past year and the growth of the several departments of the bank. He said in part:

The year 1921 has been one of caution, yet of courage, so far as business was concerned. The liquidation that started in 1920 continued throughout the twelve months.

Under the depressing effects of re-adjustment, the role that fell to American banking was an heroic one. Without jeopardizing in the slightest degree the interests of our depositors, or of the stockholders, the National Bank of Commerce met the situation with confidence and effectiveness that contributed materially to the stability of business, and out of which is growing daily an improved commercial condition.

In keeping with the practice of sound banking, your directors continued during the year to reduce outstanding loans. The measure of success with which this was accomplished is indicated by the fact that as early as January of this year we were in the unique position of having no rediscounts or bills payable at the Federal Reserve Bank. This condition, prevailing after liberal consideration had been given to every patron reflects creditably the bank's especially secure position.

Even under restrained business conditions, the commercial banking department has continued in a healthful manner. We now have over 16,000 checking accounts, compared with 14,000 at the beginning of business for 1921.

Our savings department, now four years old, has shown greater growth than any other similar institution in St. Louis: from a total of 11,092 savers in 1918, with \$1,209,927 in deposits, to over 45,000 in 1921, with total deposits of \$6,560,931. The department shows a growth of over a million dollars in total deposits in 1921, a year that business generally regarded as trying, and during which time most savings institutions were having difficulty in holding their own.

The total of our balances from banks and bankers continues to improve after a period of "tight money." The improvement in the South and Southwest is reflected in the betterment shown in this department. In these relations, we have adopted as liberal a policy as possible consistent with sound banking. Our attitude, we believe, has been constructive, and has served beneficially the communities we reach through correspondent banks.

DES MOINES NATIONAL BANK

The Des Moines National Bank, Des Moines, Ia., recently published a financial resume of its condition at five different dates in 1921. The figures are remarkable at this time of readjustment in the Middle West in that they show a steadily improving condition. From January 31 to December 28, 1921, bills payable and rediscounts were reduced from \$8,622,503.58 to nothing. Loans were reduced more than \$4,000,000; cash increased \$680,000, and deposits increased \$1,187,000. In the period of prosperity and high prices in Iowa, there was general speculation in land. This ended suddenly as the prices of farm products came down. Considering the general situation temporarily prevailing in Iowa, the statement of the Des Moines National Bank is particularly gratifying.

Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico and Oklahoma

ECONOMIC CONDITIONS IN THE WESTERN STATES

By SAMUEL SOSLAND

WINTER is not normally a period of great activity in the agricultural states of the West. The present winter is proving no exception; in fact, there is less activity than usual in the business of the Western States. This territory is prepared to do more business, but is in a waiting mood—waiting for a revival in the demand for its products through natural processes and through national and international conferences and agreements. The West also continues to wait for a more complete readjustment of the prices on the articles it buys, as a great disparity still prevails.

Thus far the winter has not been as favorable as desired in the West from the standpoint of weather. In the great winter wheat states, Kansas, Nebraska and Oklahoma, the supply of moisture has been inadequate since last fall. Portions of Kansas and Oklahoma are complaining of a lack of an adequate supply of stock water. Montana, on the other hand, has had some severe weather. The newly planted winter wheat crop averages below normal in condition, but there is still a good chance for a generous harvest this year provided the weather changes, owing to the fact that the acreage is heavy. If there is no improvement by spring, a large area will be plowed up in the winter wheat belt and seeded to other crops.

In the live stock industry, in the trade in wheat and flour, in the oil business and in the lumber market as well there are more sellers than buyers. In live stock, wheat and flour particularly a healthier balance would be possible with more interest from Europe. Hence, there is gratification over the growing activity of governmental leaders in seeking to accelerate economic recovery in Europe. When Senator Owen of Oklahoma makes a suggestion for a foreign banking system on the order of the Federal Reserve plan or when a conference of the leading governments of Europe is called to discuss means of healing the economic position of the Old World, the West looks on with great interest. The West is

anxious for European recovery, for its products, which are necessities, would be the first to benefit from any degree of revival abroad. There is no inclination, however, to pin too much faith in the outcome of conferences, for it is realized that labor and time are necessary to restore Europe's buying power and that special measures or agreements would only lubricate the road through which the world must travel to permit the Old World to enlarge its buying power.

The West is surprised over the failure of commodity prices which it normally imports to undergo changes to a level with its farm and live stock prices. The West wonders if the momentum of the prosperous times of recent years in the United States is aiding the country to maintain many prices which are out of line with agricultural markets. One of the curious yet significant results of this disparity is the report from the Dakotas and from Kansas, too, of a return of old buggies to highways. Oats and hay are cheap. Gasoline is quite high. Horses are very cheap. So the old buggies and the horses that pull them are back on roads while scattered automobiles have been temporarily retired. In the case of tractors many farm reports also indicate that they have been set aside for work horses because feed is so cheap and petroleum products relatively high. Complaints are coming from operators of rural filling stations who are doing less business for these reasons. Owners of merchandise stores at rural points and mercantile interests elsewhere that cater directly or indirectly to farmers are making the same sort of reports, that is, that their business shows a decline owing to price disparities.

It's possible, business men say, for the western mercantile trade to record small early improvement, but this is dependent largely on price changes. Either the farm and live stock prices must advance or the mercantile trade score declines. Even with declines in commodities which farmers import it would be necessary to enlarge the demand for the products offered on agricultural markets to make better business. Money is still tight in agricultural districts of the West. Farmers have many debts to

The Omaha National Bank

OMAHA, NEBRASKA

Established 1866

Capital \$1,000,000
Surplus (Earned) . . . \$1,000,000
Total Resources (Over) . \$30,000,000

Walter W. Head	President
Ward M. Burgess	Vice-President
B. A. Wilcox	Vice-President
Frank Boyd	Vice-President
O. T. Alvison	Assistant Cashier
J. A. Changstrom	Assistant Cashier
W. Dale Clark	Assistant Cashier
Edward Neale	Assistant Cashier

Direct Transit Facilities

The result of years of effort to improve service to correspondent banks

retire. Just now there is a light movement of grain. Great quantities of corn are available for sale, but there is little demand. Reserves of wheat are light on farms. Liberal supplies of live stock are being fed, but margins are very small in the case of cattle, the principal animals. Lambs are returning exceptional profits, but fewer are on feed than last winter, when feeders were losing money. Industrial plants are not active. A prolonged strike of packing house workers has affected this class of laborers seriously. There are still some labor troubles at coal mines in Kansas.

On the bright side of the general business situation is the determination which is generally apparent to make way for improvement in trade. Optimism is being preached. Without doubt this is stimulating scattered ventures, which are aiding in relieving unemployment and enlarging the general volume of business. With encouraging basic changes for the better, the sentiment that prevails would naturally go far toward reviving business.

In the trade in grain corn has displayed a somewhat better tone; at least, it has acted more encouragingly in view of the large crop. Buying for Russian relief has imparted a degree of support to the market, but

the quantities being taken for that purpose make an insignificant comparison beside the available supplies. In Nebraska an "eat more corn" movement has been inaugurated, the authors of this campaign pledging themselves to eat corn at least once a day. This is one of the manifestations of the fundamental difficulty confronting the West today—the absence of a healthy outlet for its products. There has been a fair export wheat movement, but no keen competition. The flour milling industry is experiencing dullness, although it hoped for a revival following the turn of the new year.

More stability is apparent in the live-stock markets. Cattle are about unchanged compared with a month ago, although the abundance of feed is stimulating finishing operations and raising the question whether the country will be able to absorb the meat in course of production. A fair percentage of the cattle feeders who have been making sales of finished animals are able to show a small profit on their operations. Those earning a profit, however, acquired their cattle within the last few months. Cattle bought on earlier markets show losses. The shrinkage in values on cattle is one of the most serious problems confronting the West. In the Kansas City Federal Reserve

district alone it has been estimated that loans on live stock, largely cattle, are around \$400,000,000. However, with cattle more stable and with some profits appearing, liquidation in a healthy way is nearer than at any other time since the early part of 1919.



FORMER U. S. SENATOR JOSEPH H. MILLARD

Former United States Senator Joseph Hopkins Millard, of Nebraska, died on January 12, after suffering a paralytic stroke. Senator Millard had been re-elected chairman of the board of directors of the Omaha National Bank, January 10. He had retired as president of the bank January 1, 1919, and since had been chairman of the board of directors.

Mr. Millard was United States Senator from 1901 to 1907 and was president of the Omaha National Bank for nearly half a century. He was the oldest banker in Omaha, measuring both years of business and age. During the entire half century he had been closely identified with the financial interests and progress of the city.

Mr. Millard was born on a farm near Hamilton, Ont., Can., in April 1836. His father was a native of Massachusetts and his mother, Elizabeth Hopkins, was a native of New Jersey. His early education was acquired in the common school. When he was fourteen years old his parents became residents of Jackson County, Ia., and there he received district school training as well as training in the tilling of the soil.

At the age of twenty Mr. Millard left his father's homestead and journeyed to Omaha, arriving October, 1856. At that time the country around Omaha was being settled rapidly, and Mr. Millard's first enterprise on his own responsibility was the locating of settlers on desirable tracts of land. A little later he became part of the land agency of Barrows, Millard & Co., comprised of Ezra Millard, Joseph H. Millard and Willard Barrows.

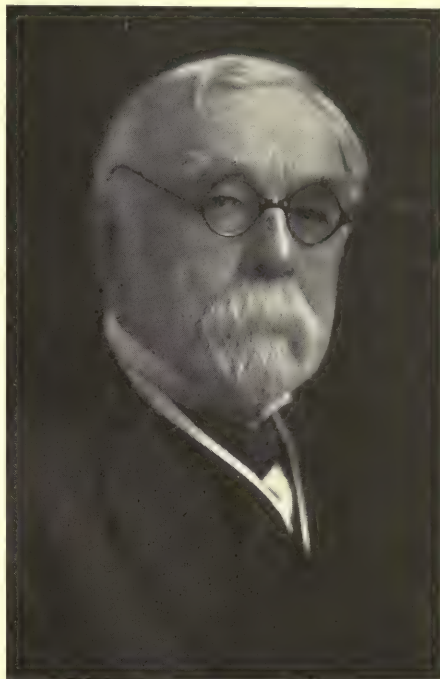
The firm was successful and, from doing a general land business and handling exchange, it drifted into the banking business. Smith S. Caldwell became a partner in the business in 1860. Two years later Mr. Millard withdrew, and engaged in business alone. In 1866 Ezra Millard organized the Omaha National Bank, and in the January following Joseph H. Millard became its cashier, later becoming president.

In 1869 Mr. Millard was one of the incorporators of the Omaha & Northwestern

Railroad, which constructed in Nebraska a part of the present line of the Chicago, St. Paul & Omaha Railroad.

Mr. Millard was an organizer and for a time president of the South Omaha National Bank. For fifteen years he was a director of the Union Pacific Railroad Company, six years of which he served in the capacity of a Government director.

In the political sphere Mr. Millard had always adhered to the principles of the Republican party. He was never an active



JOSEPH H. MILLARD

Former United States Senator of Nebraska and late chairman of the board Omaha National Bank

politician and refused to become a candidate for office until 1872, when conditions led him to become a candidate for Mayor.

Again in 1901, when his election appeared to be the only peaceful solution to the most protracted United States senatorial contest in the history of the state, a contest lasting three months in the state legislature, Mr. Millard was elected Senator as a compromise. He ended his term in 1907.

Mr. Millard was married in the fall of 1860 to Miss Caroline G. Barrows of Davenport, Ia. Mrs. Millard died January 3, 1901.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada, Arizona and Alaska

ECONOMIC CONDITIONS IN THE PACIFIC STATES

By J. F. DONNELLAN

THE steady, relentless deflation of business and finance is still under way. The scope of this movement is indicated by the Federal Reserve bank's report of enormous liquidation of loans. While in some industries liquidation has been pretty well completed the price situation is considerably out of balance, and as wages are the principal factor affecting prices it is inevitable that extensive wage reductions must ultimately solve this problem, unless it be found, as is freely asserted, that the retailer himself is hampering the adjustment movement by his unwillingness to relinquish the high prices and wide margins to which he has become accustomed. In general, the Pacific Coast is in better condition than the majority of sections of the country. Basic conditions are sound and the underlying movement of business is upward. National banks in most of the larger centers, in reporting conditions in answer to the call of December 31, displayed a condition more nearly normal than since the war. Crop movements have resulted in the usual amount of liquidation, with the result that banks now have idle funds seeking investment. Wholesale trade continues to report increased volume, although profits have been somewhat depleted by falling commodity prices. Retail business is fair. Records are being broken everywhere for building permits. In most of the larger cities totals have equalled and in some cases exceeded the maximums. In the investment market the easier condition of money is manifest in increased demand for bonds, at mounting prices. Good offerings of municipal, railway and industrial bonds are snapped up eagerly by the investing public, and dealers are experiencing difficulty in keep their lists filled. Some of the largest public utility companies on the Pacific Coast have deemed the time opportune to finance their requirements for new projects and extensions, and their offerings of bonds have met with a ready response. Scarcity of offerings seems to be responsible for the rather low rate at which commercial paper is going. The lum-

ber industry of the Northwest is experiencing a revival of energy and the great majority of lumber camps have resumed operations. The demand for finished lumber products, such as sash and doors, is especially active, even to the point of absorbing future production for several months. Prices on lumber have strengthened to a point where profitable business has become a possibility. Prosperity in the lumber line naturally finds reflection in many allied lines, and wholesale machinery and supply houses are in the market for iron, steel, wire, engines, boilers, and the like.



PACIFIC COAST MERGER

The First National Bank of Berkeley and the Berkeley Bank of Savings and Trust Company have merged with the Mercantile Trust Company of San Francisco. The combined resources of the three institutions under the consolidation totals more than \$95,000,000, or about \$20,000,000 in addition to the present resources of the Mercantile Trust Company, and about \$16,000,000 additional deposits. The officials of the Berkeley banks and their branches are to be retained. Frank Naylor, president of both Berkeley institutions, becomes a director and vice-president of the Mercantile Trust and remains directing head of the Berkeley banks. Stockholders of the Berkeley banks become stockholders in the Mercantile Trust Company.

BANK OF ITALY ELECTIONS

Four additional vice-presidents are announced by A. P. Giannini, president of the Bank of Italy, following the annual meeting of the bank's stockholders. The new officers are: Dunning Rideout, of Marysville; Louis V. Olcese, W. E. Benz and J. S. Henton of Bakersfield.

In his report President Giannini called especial attention to the rapid progress made during the past year and the unusual deposit growth the bank had experienced.

"Deposits have increased during 1921 to more than \$177,000,000, a gain of over \$37,000,000. During this same period surplus

and undivided profits have been materially augmented, the total banking capital now amounting to \$15,036,000, an increase of nearly three million dollars over last year. The number of depositors is now 291,000, a gain of more than 70,000."

Dr. A. H. Giannini, president of the East River National Bank and chairman of the board of directors of the Commercial Trust Company of New York, has been succeeded as a director of the Bank of Italy by L. M. Giannini, assistant to the president.

The Stockholders Auxiliary Corporation also held its annual meeting, reporting a highly successful year. The capital was increased to \$1,000,000 from \$900,000; surplus to \$1,800,000 from \$1,050,000, and undivided profits to \$221,000 from \$7,000.

The officers and directors of the Stockholders Auxiliary Corporation are: Officers: A. P. Giannini, president; L. M. Giannini, assistant to the president; P. C. Hale, J. A. Bacigalupi and W. W. Douglas, vice-presidents; E. C. Abel, secretary; C. P. Cuneo, Howard Park, assistant secretaries. Directors: A. P. Giannini, P. C. Hale, James J. Fagan, J. A. Bacigalupi, W. W. Douglas, L. M. MacDonald and John Brichetto.

HOW BANK HELPED TO BUILD A CITY

The Sacramento-San Joaquin Bank of Sacramento, California, has issued a booklet showing how the bank has helped to develop the city by financing most of its important buildings.

This bank was founded in 1867, and has been instrumental not only in providing the city with stable and efficient banking facilities, but also has helped in developing many of its other activities.

APPOINTED ASSISTANT TO SAN FRANCISCO CORRESPONDENT

Spencer N. Smiley, formerly in charge of the foreign exchange business of the Guaranty Trust Company in San Francisco, has been appointed assistant to Thomas M. Paterson, San Francisco correspondent of the Equitable Trust Company of New York.

VISALIA BANKS JOIN WITH LOS ANGELES BANKS

By a transaction consummated recently, the First National Bank of Visalia and the Producers Savings Bank, have been closely affiliated with the First National Bank of Los Angeles and the Los Angeles Trust

First Bank to Incorporate in Hawaii

THE BANK OF HAWAII, LTD.

HONOLULU, HAWAII

Cable Address: "Bankoh"

Capital, Surplus and Undivided Profits \$2,250,000.00

Total Resources 20,047,726.81

C. H. Cooke, *President*
E. D. Tenney, *Vice-Pres.* E. F. Bishop, *Vice-Pres.*
Roxor Damon, *2d V.P.* G. G. Fuller, *2d V.P.*
Frank Crawford, *2d V.P.* R. McCorriston, *Cash'r*

Branch Banks:—Lihue, *Island of Kauai*;
Waipahu, *Island of Oahu*; Waialua, *Island of Oahu*; Kapaa, *Island of Kauai*.

Prompt handling of collections through close connections on each of the islands in the Territory.

and Savings Bank, of which Henry M. Robinson is president.

The First National Bank of Los Angeles and the Los Angeles Trust and Savings Bank constitute the strongest financial interest in the Pacific Southwest, and this transaction gives to the Visalia institutions their financial support.

The resources of the First National Bank of Visalia totaled, on July 1 last, more than \$2,676,000, while the Producers Savings Bank, at the same time, showed resources of more than \$1,351,000, a total addition to the resources of the Robinson bank of more than \$4,027,000.

The transaction does not entail an outright purchase, but the stockholders of both the First National Bank of Visalia and the Producers Savings Bank, by an exchange of shares, become co-partners in the entire business of these Los Angeles banks. The First National Bank of Visalia and the Producers Savings Bank occupy a particularly important position in Tulare County, and constitute the center for the movement of commodities, not only of Visalia, but for all the surrounding territory.

The fact that the Los Angeles institutions have already made affiliations in Fresno places at the disposal of producers throughout the entire southern San Joaquin Valley, not only almost unlimited financial backing, but also a unified system for the most beneficial financing of crop movements.

S. Mitchell, president of the Visalia institutions, and C. M. Griffith, vice-president and manager, are well known throughout the southern San Joaquin Valley, and will continue in office.

Dominion of Canada

Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Newfoundland, Prince Edward Island and Yukon

ECONOMIC CONDITIONS IN CANADA

By J. W. TYSON

THE agricultural situation continues to receive serious consideration from a business and financial standpoint. The decline in prices has naturally affected as a whole a country like Canada with such a large per capita surplus of exportable farm produce, but in western Canada the situation is so acute as to approach a crisis in many districts. As a whole, the West gave promise of a yield which would have meant a fair income, although some of the districts had been badly hit by drought. Then with the harvest came very unfavorable weather, which not only reduced the yield on some of the later crops but impaired the quality of the great bulk of them. The result was that, with high threshing costs, owing to continued high wages, the margin of profit was greatly reduced; in fact, in some instances threshing was discontinued before the crop was all handled when it was found that the returns were not sufficient to make it worth while to continue. Generally, then, the situation is such that the farmers have not been able to meet their obligations, while in some districts where there has not been a good crop for several years there is actual need for immediate relief.

For the immediate problem then there is need for cash advances in order that farmers may continue on the land until there is another crop. It is realized generally by the business and financial community that only in this way can the general situation be relieved. The larger problem has to do with long term farm loans. There is a shortage of such funds, largely because of the withdrawals of debenture money by investors in Great Britain and on the Continent who have taken advantage of the exchange situation and who are still able to get interest yields on the other side of the Atlantic which render Canadian investments unattractive.

With a general curtailment of loans for commercial purposes, the banks are in a position to render aid to the farmers, and they have been doing so to an unusual extent in the case of live stock, but under the Bank Act they cannot go further. The

proposal now being considered then is for the Government to give assistance—not in the form of Government loans, but by guaranteeing advances made by the banks and the established mortgage companies. The practical plan being considered is the formation of an agricultural credit pool which will subdivide the farmers into several classes—those who can readily obtain credit at the present time; those whose credit is virtually used up; those who even under normal circumstances would hardly be worthy of credit and whose present distress makes it imperative that they should be aided. The banks and the various loaning organizations are expected to enter the pool, advancing the funds with what is virtually a Government guarantee.

The problems which the farmers are facing are indicated by analysis of the Federal crop returns, which show a shrinkage in the 1921 crop of \$437,600,000 as compared with 1920. Government efforts to advance credits have not been satisfactory. A substantial portion of the total advanced by the federal authorities for seed grain in 1915 is still outstanding. In Manitoba, where there is a provincial government scheme of farm credits, it has not been found possible to raise the necessary funds to meet demands and the other western provinces have refrained from following the example, although a scheme is now being launched by the farmers government in Ontario, for which more can be said from the standpoint of political sagacity than from that of sound finance. It is being more and more brought home that these government attempts at banking, together with war-time moratoria and other legislation which has tended to undermine the stability of the mortgage, have been factors in discouraging investors from placing their funds in mortgages and mortgage companies—a mortgage with a prior government claim against it is not favored by investors who seek security as a prime consideration. Then, too, the tendency of the money market, together with competition by government institutions which not only pay no taxes but may make up deficits out of general revenue on the grounds that what is being done is in the interests of the whole community, have

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brought about a situation in which the banks and the mortgage companies see their profits impaired, which is not an attractive proposition from the standpoint of the market for their own securities.

Under such circumstances there is a tendency to go cautiously in the industrial and commercial world. Eastern manufacturers and wholesalers usually figure the buying power of western Canada as the factor which means the difference between normal and good business, and when the West can absorb little and the export markets of war-time are being lost through the influences of exchange and foreign competition, it is not surprising that goods are moving slowly and that there is a tendency to mark time until another crop can make itself felt as a factor in the situation. However, the process of adjustment has proceeded far. Reports from all parts of the country to *The Financial Post* indicate that there are still some merchants who are holding for high prices and are not inclined to bow to replacement costs as the dominant factor in relation to the value of their stocks, but, for the most part, there has been a tendency to take losses in order to keep goods moving and to let surpluses on the shelves run low. Reports from all provinces, and particularly the western provinces, are to the effect that retail stocks have been reduced below normal, and the same condition of affairs is reflected in the wholesale houses. The result is that new business is quickly reflected in better industrial conditions, and the manufacturers who were first to feel the crisis and face it are now experiencing better things.

The federal elections of early December

left no more than a ripple on business conditions. Despite the efforts of the politicians it was generally accepted by the people that the tariff was not an important issue. The Conservatives stood for high tariff, but their contention that the Liberals and Progressives were for free trade did not carry weight, although there was undoubtedly an element aligned with the latter that would have liked to have tried some economic experiments in the event of their getting a chance to dominate the government. The industrial and financial community, as a matter of general principle, would have preferred to see a continuation of the old Conservative government, but it became evident that it had worn the welcome off the mat of public opinion, and with the people demanding a change it was better that the Liberals should be returned with enough members to form an independent government than that the country should have been burdened with three groups manoeuvring to form political alliances for the formation of a government.



ROYAL BANK OF CANADA

In the face of a general adverse condition, in which banks were forced to share more or less, the Royal Bank has been able to show its shareholders net profits of \$4,037,836, a very small decrease as compared with last year's figures of \$4,253,649, which constituted a record in the history of the bank. These profits provided for the usual dividend payment of 12 per cent. and a bonus of 2 per cent., and after the usual



W. R. ALLAN

President Union Bank of Canada, Toronto

MR. ALLAN, who succeeds John Galt as president of the Union Bank of Canada, like his predecessor, has been a resident of the Canadian West for a great many years. His business life has been lived entirely in Western Canada, a fact which makes him, it is believed by his fellow directors of the Union Bank, peculiarly well fitted to direct the affairs of the only Canadian bank whose head office is located west of Toronto and most of the branches of which are located in the Canadian West.

Mr. Allan went to Winnipeg in '82, several years before the completion of the Canadian Pacific Railway in the days when most of the city's development lay before it. A son of the late Andrew Allan, who with his brother, Sir Hugh Allan, built up the famous Canadian line of steamships which for the greater part of the century plied between Great Britain and Canada, Mr. Allan inherited the business capacity of his ancestors. He is a senior member of the firm of Allan, Kilam and McKay, general brokerage and steamship agents, and is associated with other Canadian industrial and financial enterprises. Mr. Allan has been a director of the Union Bank of Canada for a great many years and early in 1921 became vice-president of the bank.

appropriations for pension fund, war tax and bank premises, there was transferred to reserve an amount of \$132,995, and there was left a balance to carry forward to profit and loss the sum of \$458,116, making a total carried into the new year of \$905,044.

PROFIT AND LOSS ACCOUNT

	1921	1920	1919
Profits	\$4,039,836	\$4,253,649	\$3,423,264
Prev. bal.	546,928	1,096,418	535,757
	\$4,584,764	\$5,350,067	\$3,959,021
Less—			
Dividends	\$2,436,488	\$2,153,159	\$1,866,196
Bonus	407,082	402,680	340,000
Pension Fund....	325,000	350,000	150,000
Of. Prem.	400,000	400,000	400,000
War Tax	203,154	180,295	156,406
To Reserve	132,995	1,567,005	.....
Total ded.	\$3,679,719	\$4,803,139	\$2,862,603
Balance	\$ 905,044	\$ 546,928	\$1,096,418

The balance sheet reflects the influence of commercial movements in relation to the bank. Current loans stand at \$163,017,459 as compared with \$183,747,409 one year ago, but are still \$20,000,000 ahead of two years ago, indicating the helpful course the bank has been taking in influencing the helpful movement towards deflation, while at the same time exercising patience in the extension of commercial credits to enable the squeezing out of inflation to be carried on in an orderly manner.

REVIEW OF 1921 AND THE OUTLOOK FOR 1922

The annual meeting of the Royal Bank of Canada, held recently at the head office of the bank, brought together a very large number of the shareholders. Unusual interest was centered in the addresses submitted by Sir Herbert Holt, the president; Edson L. Pease, the vice-president and managing director, and C. E. Neill, the general manager.

Owing to the exceptional business conditions which prevailed during the course of the year and the problems which confront the country at the present time, both Sir Herbert and Mr. Pease dealt in a very thorough manner with the entire Canadian situation. The addresses were followed with the closest attention and there was noticeable throughout the remarks a degree of confidence which was regarded as very gratifying by the many shareholders present.

PROVIDED FOR ALL DEBTS

Sir Herbert, before passing on to his survey of the general situation, referred to the bank's position, saying: "I first desire to emphasize the general manager's statement that all bad and doubtful debts have been fully provided for. Usually the profits of

the year are ample to provide for all bad and doubtful debts. Should they not be sufficient, we have a contingent fund, independent of the surplus fund, accumulated during prosperous years, to fall back upon. I have further to say that the managing director, the general manager and executive officers of the bank are officials of long experience and proved ability, and that the affairs of the bank receive the unremitting attention of myself and your directors. I have no hesitation in stating that, in my opinion, the organization and system of supervision of this bank are unexcelled."

Sir Herbert took a very hopeful view of the outlook in Canada, at the same time emphasizing the importance of economy, both in public and private life. Dealing with the general situation, Sir Herbert said:

"Canada, after accepting every obligation arising out of the conflict, is stronger materially than before the War. We have our debt and our railway and shipping problems, all of which will tax the wisdom of our statesmen, but on the other side of the scale we must place the growth of towns and cities, industrial expansion, the increase in savings, and the fact that most of our bonds are held in the Dominion. Compared with conditions in Europe, we are fortunate indeed.

NO FEAR OF FUTURE

"In conclusion, I wish to say that the scope and character of the existing depression in world trade forbid us to hope for an early or easy return to prosperity. Yet I do not think that we in Canada need feel any great apprehension as to the future. The unprecedented decline in prices, which was the worst feature of the last year and a half, can hardly be repeated. I trust that the period immediately before us will be one of salutary economy, both in public and private life, the best preparation for renewed prosperity."

Discussing the general phases of the situation, Sir Herbert said in part:

"The year 1921 will long be remembered as a period of drastic deflation and liquidation throughout the whole world, the aftermath of the war. This deflation was under way when we last met. While it is not yet ended, each month brings us a nearer approach to normal. The heavy decline in the price of commodities and check in public buying found many of our manufacturers and merchants in the possession of large unsalable stocks purchased at boom prices. Obviously the transition to more normal values was attended by much loss. The fact, however, that there were 1000 fewer failures in Canada in 1921 than in

1915 may be attributed to the abnormal profits accumulated during the war.

"The fall in prices necessarily greatly curtailed the volume of credit and is largely responsible for the contraction in the aggregate of the balance sheet totals of the banks.

FAIL IN WHEAT PRICES

"There has been a heavy decline in the price of wheat, Canada's chief staple and mainstay. The cash returns to the farmers for the last crop will be much less than that of the preceding year, although the crop itself was a larger one. As a result, our western farmers have fared badly, and have been unable to liquidate their obligations satisfactorily. Their reduced purchasing power must have its effect on general business. The remedy lies in a drastic scaling down of the present cost of production and distribution. In these costs, wages of labor play a great part. The price of labor is still higher in Canada than it is in the United States.

"Economy in management and operation is one of the great needs of the present time. If prices of commodities are not to rise to any extent, but are, as many think, to experience a slow decline over a period of years, profits can only be maintained by increased economy and efficiency in management.

"These remarks on economy have special force in their application to our governments—Federal, provincial and municipal. Many governments and municipalities are tempted by the facility in disposing of their securities during a cheap money period, such as they are entering upon in the United States, to engage in undertakings which are justified neither by their population nor their financial position. Thus there is a heavy drain on the country for tax payments, a great part of which are remitted abroad in the shape of interest on foreign borrowings.

FOREIGN TRADE DOWN

"Our foreign trade for the twelve months ending November 30 shows a large decrease in total values, due in great part to falling prices. While we have received a smaller return from our exports, we have paid less for our imports, and the measure of progress is a trade balance in our favor of \$55,000,000. We are advancing in the right direction, but greater effort is imperative. We must bring our favorable balance to a point equal to the interest on our foreign indebtedness. Until we accomplish this our borrowings abroad will continue. By the

development of our coal areas, by improved methods of industrial production—above all, by a wider utilization of our water powers—must we labor to restrict our imports. For the expansion of our exports, the speedy settlement of our farm lands is the great need, and immigration should be stimulated. Yet we should take warning by the experience of our neighbors and admit only those who are desirable. Let us follow the motto of Australia: 'You are welcome if you are the man we want.'

"Until recently the world outlook was one of gloom and discouragement, but the Conference at Washington has given rise to a growing hope. Not only has it struck at the root of past trouble and future danger, by the limitation of armaments, but it has shown how speedily and satisfactorily international problems can be settled where there is desire and good will. With the disarmament question and the Far Eastern questions successfully ended, it is to be hoped that an international economic conference will follow."

CUBAN SITUATION

Edson L. Pease, the vice-president and managing director, in his address dealt more particularly with the affairs of the bank, and the principal developments within the Dominion. Mr. Pease also referred to the situation in Cuba and South America, saying in this regard:

"While Cuba suffered through the collapse in the price of sugar, I have no misgivings regarding her future prosperity. She was prosperous before the war, when sugar ruled about 2 cents a pound. She has demonstrated in the past her ability to produce sugar at a cheaper rate than any other country. She enjoys the natural advantage of soil and climate and possesses the most modern sugar mill installation in the world. A great advantage is her proximity to the American market. The country has neither currency problems nor railway deficits to retard her recuperation and only a small war debt to the United States of \$10,000,000, on which she is paying interest.

"In keeping our doors open at all times, and under circumstances that compelled the Government of Cuba to declare a moratorium which ultimately resulted in the suspension of three local joint stock and several private banks, we have justified the confidence of our Cuban customers and added to Canada's prestige throughout the Islands of the Caribbean.

"The year's business of our branches in South America, which were not established

until after the boom, has been highly satisfactory and free from loss. The quality of the business we accept is exceptionally high class, consisting in great part of the purchase of bills of exchange representing produce exports under 'Bankers' Letters of Credit.'

A TRYING YEAR

Discussing the general Canadian situation, Mr. Pease said in part:

"The year just ended has proved a very trying one for the commercial community and for the banks. Never before have we been confronted at home and abroad with so many difficult problems and such adverse conditions. The rapid and severe recession in the prices of all commodities and the lack of purchasing power involved heavy losses in inventories and a great shrinkage of domestic and international trade.

"The price recession has caused a decline in the productivity of all manufacturing industries and a consequent fall in profits, so much so that taxation has become a serious burden, accentuating our need for a larger population among whom it could be shared.

"In this brief period of exceptional stress the banks played a most helpful part. How important may be judged from the fact that business demoralization, which occurred in every other country, was averted in Canada. This may be regarded as one of the greatest achievements of the Canadian banks.

"In circumstances so unfavorable, I am sure we have fulfilled the highest expectations of our shareholders in showing profits nearly equal to those of the previous year by maintaining our dividend and bonus and by meeting you with strength unimpaired.

"In the case of farmers the readjustment of values is complete. They have been compelled to accept a lower net return for their products than before the war. The reduction in manufactured goods has been less drastic. General wholesale prices, although 36 per cent. below the high price reached in 1920, are still 68 per cent. above 1914 levels. In the end production costs and selling prices must come down to the buying power of the farmers. The sooner this is effected, the sooner business will revive.

"The movement of the western wheat crop has been rapid. Between September 1 and December 30 175,000,000 bushels were delivered at country points, representing an increase over the previous year of 24,000,000 bushels, while shipments east from Port Arthur and Fort William amounted to 117,000,000 bushels, which compared with shipments in 1920 of 88,000,000.

"A blow to our export trade was the imposition six months ago of the Fordney Emergency Tariff. Since the act became effective, the total value of the agricultural products shipped from Canada to the United States has shrunk from \$98,455,000 over the corresponding period of 1920 to \$25,928,000. To sell our supplies we are now dependent upon financially demoralized Europe and are seeking new markets in the East. In spite of these unfavorable factors, we show a favorable balance in trade amounting to \$55,000,000, instead of the unfavorable balance of \$56,000,000 which accrued during the twelve months ending November, 1920. Our excess of imports from the United States has been reduced from \$382,000,000 in 1920 to \$220,000,000 in 1921."

In concluding, Mr. Pease dealt briefly with the general outlook, when he said:

"The outlook for the coming year is hopeful. It is generally believed that the worst of the depression is past and that a gradual improvement will set in. Canada's progress depends largely upon the satisfactory adjustment of international economic questions, as we are closely linked with the outside world."

CANADIAN BANK OF COMMERCE

A material strengthening in liquid position by an increase of more than \$10,000,000 in holdings of government securities is the

outstanding feature of the annual statement of the Bank of Commerce. That the bank was able to accomplish this improvement as regards ready assets and to maintain profits at a level close to the previous year and above the showing of 1919 will be favorably regarded by shareholders, particularly in view of the fact that the industrial and trade depression has resulted in a contraction of assets of more than \$50,000,000.

Current loans as shown in the statement are \$24,500,000 lower than a year ago, but the contraction here is not so great as in savings deposits which are down by about \$31,000,000. With this decline in savings and a reduction of \$10,000,000 in demand deposits as well as a curtailment of circulation by nearly \$7,250,000 it is interesting to note where credits have been cut down in order to make the adjustments necessitated thereby as well as increase holdings of liquid assets.

The profits of \$3,116,137 were not materially below those of the previous year and higher than for 1919. Taxes took \$325,000, dividends \$1,950,000, the pension fund \$178,371 and \$500,000 was written off premises, the balance being carried forward and increasing the total to \$1,946,745. Following are comparative figures:

INCOME ACCOUNT, YEARS ENDED NOVEMBER 30

	1921	1920	1919
Balance	\$1,783,979	\$1,427,735	\$1,444,842
Profits	3,116,137	3,306,244	3,074,893
	<u>\$4,900,116</u>	<u>\$4,733,979</u>	<u>\$4,519,735</u>
Dividends	\$1,950,000	\$1,950,000	\$1,800,000
Pension fd.....	178,371	150,000	120,000
Taxes	325,000	350,000	150,000
Patriotic			22,000
Adj. on ex. rates			750,000
Premises	500,000	500,000	250,000
Balance	<u>\$1,946,745</u>	<u>\$1,783,979</u>	<u>\$1,427,735</u>

CANADIAN TRADE AND THE FORDNEY TARIFF

Sir Edmund Walker, the well-known president of the Canadian Bank of Commerce and the dean of Canadian banking, addressing the shareholders of that bank at the annual meeting in Toronto, presented his usual review of the year just past. His remarks on the trade and agricultural development of Canada were as follows:

"When the high tide of prices and of financial inflation began to ebb, the keenest observer seeking to estimate the extent of the decline must have failed to do so. Ever since the vast network of modern trade, based so largely on steam, electricity and credit, made the world almost an industrial whole, no such test of its power to resist disaster has occurred.

"The losses ascertained on the readjust-

ment of balance sheets have been so great that many concerns of world-wide importance will require some years to regain what had been the most favorable position in their experience, and the dividends on many first-class stocks have been lessened or actually stopped for the moment. Whether we have seen the worst or not it is idle to guess, but thus far these extraordinary adjustments have been made with so few failures, and with so little of anything approaching panic, that we have cause for some surprise and much thankfulness.

"Turning to our own foreign trade and having in mind the large figures caused by the war, which in 1918 reached a total of two and a half billions of dollars, we find at the close of our fiscal year in March last little change in volume, but much change in detail, and a vast change in the half year ending September. For the fiscal year our total foreign trade was \$2,450,587,000, but while in 1918 we had a surplus of \$623,647,000 in exports over imports, in 1921 we actually imported to the value of \$29,730,000 more than we exported.

"For the six months ending September our foreign trade was only \$721,626,000, as compared with \$1,274,878,000 in 1920. The great inrush of imports, which in the last half of the year ending March had so completely changed our fiscal position, lessened rapidly during the half year, but nevertheless there was a balance of \$35,835,000 against us. When we compare the figures for these six months in 1920 and 1921, we find an almost unbroken series of decreases in the various items of both imports and exports, the imports showing a decrease of nearly 50 per cent., and the exports one of about 40 per cent.

"When we make a comparison for the twelve months ending September we get a clearer light as to the great change which has taken place. For the twelve months ending September, 1920, our foreign trade was over two and a half billions, while at the end of September, 1921, it had fallen to \$1,897,335,000. We had, however, turned a balance of eighty millions of excess imports into a balance in our favor of eighty-five millions.

"Our total trade with Great Britain during the fiscal year ending last March was \$528,171,000, with purchases of \$213,944,000, much the largest on record, but with sales of only \$314,226,000, the smallest since 1915, leaving a surplus in our favor of only \$100,281,000. Our total trade with the United States was \$1,417,296,000. The imports were \$856,613,000, the largest on record; the exports \$560,683,000, also the largest, and the

balance against us, \$295,930,000, a trifle less than for the previous year. We are certainly improving the proportions of our trade with the United States; but we have a long way to go before an ideal condition is reached, and such measures as the Fordney tariff bill show conclusively that we must not expect any help from our neighbors towards making the two sides of our trading account more nearly equal in money value.

"The field crops of Canada for 1921 are estimated in value by the Dominion Bureau of Statistics at \$1,017,675,000, as compared with revised figures for 1920 of \$1,455,244,000. The revised figures for 1920 are much below the estimate made a year ago, but whatever the actual figures for 1921 may turn out to be, the very great loss in money value, and therefore in purchasing or debt-paying power, is only too clear. The loss in the value of wheat is estimated at 144 million dollars, oats 92 millions, barley 22 millions, and other grains, apart from rye, about 43 millions. There is a gain in rye of 7 millions. In hay, clover, etc., there is a loss of about 70 millions, in potatoes of about 45 millions, and in other root and fodder crops of about 28 millions.

"While the yield of most agricultural products was less than in 1920, the loss is mainly in the price. Wheat is said to have averaged only 11 cents over the pre-war average, while oats and barley were sold at less than pre-war prices. With wheat at an average for all Canada of 86 cents, as compared with \$1.62, oats 37 cents instead of 53, barley 47 instead of 83, and almost every other farm product in somewhat similar proportion, the present position of the farmer is obvious. In hay the poor result was due to the lowest yield per acre on record and not to the price.

"These hard facts have brought about a situation rare in Canada for many years, but they do not constitute the whole of the farmer's troubles arising from the world-wide adjustment of prices. The money loss from the fall in the price of cattle, whether the farmer has sold his animals or still owns them, has been more serious and disturbing than in the case of cereals. Unfortunately we have no statistics upon which to make such a comparison as in the case of our field crops. Europe fixes the price for our grain and cattle, but the United States has been a buyer under certain conditions, and the possibility of selling there a surplus of cattle not immediately required by Europe, has been a protection against a loss in price which will affect all of our cattle if this additional market does not exist. The

Fordney bill closes that additional market to us for cattle. For the year ending in March last the exports from Canada to the United States included commodities affected by the bill to the value of 168 millions of dollars, and to the extent of about 32 millions, these consisted of cattle and their products. While almost every country in the world is at the present time increasing its tariff in the effort to save its own industries, a creditor nation desiring to see the products of its industries abroad and be paid for them, must have regard to the fact that payment can only be made in commodities. If the Fordney tariff remains in force, our power to buy from the United States will be curtailed accordingly, and we must in self-protection put every possible obstacle in the way of our people buying from that country the commodities for which we are thus rendered unable to pay.

"During the year our monthly commercial letter has endeavored to give to our customers, correspondents and the press, information as to finance, home and foreign trade, the process of deflation, the details of production, and the markets and prices of many national products, together with facts regarding national expenditures, immigration, etc. These are, as far as possible, accompanied by graphs calculated to help in a rapid understanding of the subject, and we have now added an index of wholesale prices which will be continued in graphic form from month to month. When I have also referred to our review of business conditions, which this year is more exhaustive than ever, I feel that I need not add much about the trade and financial position of Canada and of the world generally."

BANK OF MONTREAL

Great improvement in its liquid position is the outstanding feature of the annual statement of the Bank of Montreal. In general the bank has shown very satisfactory progress in liquidating its credit relation to commodities, and to securities other than government. The first and second "lines of defence," as they are termed, have been strengthened materially, as the special analysis given below indicates the percentage of "immediately available liquid assets" to total assets rose from 44 to 51, while the percentage to liabilities to the public increased from 48.1 to 56.6, a gain of 8½ per cent. Dominion notes, a single item, shaded a gain of over \$14,000,000.

The decline in inventory values, due both to falling prices and the liquidation of stocks, lessened the requirements for commercial purposes, particularly in view of

the depressed activity in business. This condition is represented in the sharp decline in commercial loans in the twelve months, from \$223,000,000 to \$14,000,000, or nearly \$39,000,000. The report of 1920 shaved these current loans up \$59,000,000, so that the present total outstanding is still twenty millions above that of 1919. As compared with six months ago the decline is \$22,000,000.

In spite of a falling off in the volume of business, owing to general conditions, the bank held its profits practically up to those of last year, as the following comparison with the years 1920 and 1919 shows:

PROFIT AND LOSS ACCOUNT			
	1921	1920	1919
Profits	\$3,949,796	\$4,033,995	\$3,314,227
Stock prem.....		1,000,000	3,500,000
Total	\$3,949,796	\$5,033,995	\$6,814,227
Prev. bal.....	1,261,850	1,812,854	1,901,613
Total	\$5,201,646	\$6,846,850	\$8,715,840
Less—			
Dividends	\$3,080,000	\$2,960,000	\$2,372,250
To rest.....		2,000,000	4,000,000
War tax	200,000	210,000	190,986
Patriotic			39,750
Bank prem.....	400,000	425,000	300,000
Tot. deduct.....	\$3,700,000	\$5,595,000	\$6,902,986
Balance	\$1,501,646	\$1,251,850	\$1,812,854

BANK STATEMENTS

There was a distinct decline in current loans of the Canadian chartered banks during November, the reduction being more than \$33,500,000 during the month while change during the year was a decline of close to \$148,000,000. However, this November change should not be considered without reference to the fact that during the same month of last year the reduction was over \$56,000,000, indicating a general tendency to curtail commercial credits towards the closing of the year.

The general tendency all along the line was to curtail loans on anything but liquid security, and it is noted that advances on call in Canada, loans on public securities, on railway securities, and on provincial and municipal accounts were all reduced while call loans abroad and loans on government securities were materially increased; holdings of Dominion notes also showed a considerable expansion. The total strengthening of immediately available liquid assets was to the extent of over \$95,000,000, while the total of gross assets showed an increase of only \$33,000,000.

At the close of November deposits made by the public in Canada totaled \$1,808,129,106, as compared with \$1,816,974,475 at the end of October, while loans in Canada declined from \$1,345,531,564 to \$1,307,272,873. Generally speaking, the liquid assets

of the banks were proportionately greater than during the previous few months.

For the nine months ending November the net revenue of the Dominion Government amounted to \$265,721,311, as compared with \$296,094,281 for the corresponding period of 1920. The chief decline was in customs receipts, which up to November 30 amounted to \$68,608,628, as compared with \$124,376,063 in 1920, the most notable increase being in receipts from the income tax, which for the period under review amounted to \$70,585,948 as compared with \$9,142,990 in 1920. Expenditures also showed a decrease during the year of \$13,773,182, the total up to November 30 being \$224,575,727, whereas a year ago they amounted to \$238,348,909. Expenditures for last November alone totaled \$61,754,171, as compared with \$57,957,995 for a year ago.

UNION BANK OF CANADA

Net profits of the Union Bank of Canada for the year stand at \$1,342,389, compared with \$1,603,842. The sum of \$149,296 is brought forward from the previous year's account, which brings the total available for distribution to \$1,491,686. After all charges there is a balance of \$541,686, which is carried into next year's profit account, this being greater by \$400,000 than the previous year, and the largest amount in the bank's history.

The following table shows the manner of distributing profits for the past two years:

	1921	1920
Net profit	\$1,342,389	\$1,603,842
Balance forward	149,296	193,222
	\$1,491,686	\$1,802,065
Dividends	800,000	798,234
Bonus to shareholders		160,000
Trans. to rest account		400,000
Contribution to officers' pen.	50,000	50,000
Other contributions	20,000	15,000
War tax on bank circula- tion	80,000	79,536
Balance of profit carried forward	541,686	14,926
	\$1,491,686	\$1,802,065

A change is shown in the report in total deposits, these being placed at \$116,723,755, compared with \$135,324,515 a year ago. Commercial loans stand at \$62,010,007, a figure slightly lower than the returns for 1920, which amounted to \$69,849,784. What is probably largely due to the decline in grain prices during the past twelve months is a decline in the item under the heading, "Grain Loans." These, in the report, stand at \$7,295,483, against \$10,732,735 last year.

Total assets are reported at \$152,625,386, compared with \$169,205,145 a year ago.

BANK OF TORONTO

While the Bank of Toronto reports a decrease in earnings for the past year, yet the

financial statement shows that the bank has maintained its strong position despite the unfavorable business conditions encountered. Net profits stand at \$926,125, equal to 18.52 per cent. on the paid-up capital, or 7.73 per cent. on the capital and reserves, as compared with profits of \$1,017,371 for the previous year.

INCOME ACCOUNT, YEAR ENDED NOVEMBER

	1920-21	1919-20	1918-19
Bal. forward.....	\$ 986,354	\$ 793,983	\$ 625,624
Profits	926,125	1,017,371	1,011,359
Total	\$1,912,479	\$1,811,354	\$1,636,983
Dividends	\$ 600,000	\$ 600,000	\$ 600,000
Pension fund	25,000	25,000	25,000
Taxes	100,000	100,000	100,000
Patriotic			18,000
Premises	150,000	100,000	100,000
Balance	\$1,037,479	\$ 986,354	\$ 793,983

The balance carried forward totaled \$1,037,479, which is \$51,125 more than a year ago, and makes total reserves \$7,037,479, with a paid up capital of \$5,000,000. Total deposits stand at \$78,966,977, which is a reduction of \$2,190,910 for the year, but the increase from 1916 is \$24,073,470.

BANQUE D'HOCHELAGA

The statement of the Banque d'Hoche-laga for the year ending November 30 indicates an excellent relative ranking among the Canadian banks in connection with the period of deflation. Its deposits show a slight decline only and its profits a decrease of less than \$19,000 with a total of \$630,902. The total assets are even higher than one year ago, a rather unusual result where the general experience has been a shrinkage. These assets of nearly \$76,000,000 are more than double those of six years ago, which were \$34,500,000. The total deposits have declined from \$56,276,330 to \$55,150,696, but the latter figures are \$4,675,000 over those of two years ago. Call loans show an increase of \$1,500,000 from \$4,390,767 to \$5,910,000. It is learned that of the latter total less than one-half are brokers' loans, a large amount being advanced in connection with the Province of Quebec bond issue, and another amount, also exceeding \$1,000,000 in connection with the Metropolitan Commis-sion bond issue.

PROFIT AND LOSS ACCOUNT

	1921	1920	1919
Profits	\$630,902	\$649,739	\$611,105
Bal. forward	83,804	76,064	62,959
	\$714,706	\$725,803	\$674,064
Less:			
Dividends	\$400,000	\$400,000	\$360,000
Pension fund.....	20,000	20,000	20,000
Fed. tax	40,000	50,000	60,000
Bank premises.....	70,000	60,000	50,000
Subscriptions		12,000	8,000
Reserve fund		100,000	100,000
	\$530,000	\$642,000	\$598,000
Bal. forward..	184,706	83,804	76,064

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ELMER H. YOUNGMAN, Editor

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Achievements of the Washington Conference

THE solid achievements of the Washington Conference for the Limitation of Armaments are gratifying, not alone to the people of this country, but will no doubt be received with great satisfaction throughout the world.

Notable as are the results of the conference on account of the compacts entered into, these are greatly transcended in importance by the fact that the conference gave recognition to the principle of international justice, which it is hoped hereafter may be practiced to such an extent as will cause it to play a continually growing part in preventing disputes between nations.

This conference was also distinguished by the fact that its deliberations were specific in character, and were not marked by impractical idealism. Those charged with conducting the negotiations were content to confine themselves to certain definite objects within the realm of practicable attainment. Without any attempt to set up any super-state or pretending to believe that the possibility of future international conflicts could be entirely disregarded, the Washington Conference, by the use of existing means of international communication, was able to arrive at conclusions of tremendous significance, and to take definite and practical steps looking toward a time when war will less engage the attention of mankind than it ever has done in the history of the human race.

In making justice the basis of its deliberations, the Washington Conference has set an example destined to be of overwhelming importance in the future conduct of international affairs. Publicists have long dreamed of a time when nations might begin to observe those simple principles of justice and fair-dealing which have long obtained in the relations between individuals. It is no exaggeration to say that the standard set up at Washington is a long and important step in the direction of establishing such relations.

While the United States may justly take pride in the happy outcome of the Washington Conference, and while unstinted praise must be bestowed upon President Harding, Secretary Hughes, and

other members of the American Commission, the conference could not have attained anything like the results achieved had it not been for the splendid coöperation manifested on the part of the participating powers.

The readiness with which Mr. Balfour followed the leadership of the United States must be accounted as one of the strongest contributing elements in making the conference a success.

Some of the treaties following the conclusion of the Great War have been denounced as "poison treaties." They were no doubt formulated in an atmosphere surcharged with hate, and it would have been little short of miraculous had their contents not partaken of the atmosphere in which the treaties were composed. Fortunately, the Washington Conference was held amidst happier surroundings, and although its conclusions may not fitly be characterized as wholly altruistic, they nevertheless reflect political sanity and high moral purpose. Their end is peace, not war. The stipulations embodied in the conclusions adopted at the Washington Conference are notice to the world that in their future dealings the signatory powers intend to be bound by considerations of justice. It will be the duty of the public opinion of the world to hold these powers strictly to a performance of their professions.

The Washington Conference has settled controversial questions that had in them the possibilities of war. It would be a fortunate thing for the human race and something that would powerfully tend toward straightening out the present tangled condition of the world's affairs, if it were possible for an international conference to be held in Europe that might perform for that distracted part of the globe the same high service that the Washington Conference has performed for the Far East.



American and English Financial Co-operation

AN interesting suggestion regarding closer financial coöperation between England and the United States was published in the London *Bankers Magazine* for January. The suggestion follows:

"Until there is very clear evidence to the contrary, we must refuse to believe that America will herself fail to realize the responsibilities which accompany her newly gathered financial strength; but, quite frankly, we are just a little afraid that the full realization may come, we will not say until too late, but not until the difficulty of meeting the situation has been greatly increased, for, as every banker knows, financial accommodation to meet the ends

desired must often be given promptly if it is to adequately serve its purpose and bring the full reward to borrower and lender. Therefore, we are of the opinion that if the financial problems of Europe, including the preparation of a scheme for the due settlement of international war indebtedness, are to be successfully carried out on lines calculated to produce an early and sound revival in European prosperity, it will only be through a close coöperation between the United States and Great Britain, the one having the liquid resources and the other the knowledge gained over a century and more of experience in international banking, which blended together should produce a sufficiently strong fabric of international credit to bridge over the critical period which must elapse before a sufficient equilibrium in trade activity has resulted in more stable conditions of the foreign exchanges. Moreover, that united action is the more necessary because, in the case of many of the devastated countries of Europe, successful recuperation can only be achieved by financial aid being combined with strong insistence upon internal financial reforms, and such authority can best be exerted by the two great dominating powers of the world acting in unison. The fact that they would be acting from different centers would, moreover, in itself prove a steadying influence upon the exchanges. Our object, however, in emphasizing this part, which it seems to us America is called upon to play with regard to the financial reconstruction of Europe after the war, is not based upon any desire to suggest to that country courses about which she is much better able to judge than we, but it is based upon a desire to emphasize the fact that if America does not play the part of banker to Europe, then we should very clearly recognize the extent to which the whole economic problem to be solved has been changed and accentuated by the fact that the great basis of credit, gold, has for the time shifted to a quarter where it cannot be regarded as ministering to the credit resources of the world as a whole."

This proposal is entitled to very careful consideration since it rests upon a more practical basis than in many other cases where coöperative effort is proposed. There is really nothing novel about the proposal, for American and English bankers have been doing business with one another for many years. The experiences gained during this long period ought to make it comparatively easy for the bankers of both countries to enter into those wider relations which the times demand.

The *London Bankers Magazine* does not enter into any details of its interesting proposal. Several ways of bringing about this coöperation are open. It could be provided by some form of governmental association, by the organization of one or more corporations for the specific purpose of developing closer financial relations between the two countries, or by a greater degree of coöperation

between existing banking institutions on both sides of the Atlantic. Doubtless each of these plans has some special points of advantage, and it may be possible that all of them could be employed with good effect. The most obvious method and one which would not involve the delay that would inevitably attach to the working out of a scheme of governmental association or the organization of special types of corporations, is to be found in closer working arrangements between the banks of the United States and the United Kingdom. Here is a machinery already at hand whose workings have been tested by experience and with a personnel by no means strangers to one another.

It now seems certain that had the American banks been a little less eager to rush into the foreign field on their own account and had been more disposed to take counsel of their English friends, the experience of the latter would have been very valuable in avoiding the heavy losses which the American banks have incurred.

To bring about the coöperation which the London *Bankers Magazine* proposes might involve a little sacrifice of pride on the part of both the American and English banks, but perhaps this sacrifice of pride in each instance would be more than compensated for by the greater security and surer profit which this coöperation would assure.

It is altogether probable that there at present exists in the United Kingdom a wide opportunity for American industrial as well as financial coöperation, and although the speculative opportunities may be greater in other parts of the world, there is no point outside our own borders where American capital could offer its services with so much of security as in the United Kingdom.



Increasing Recognition of Our Responsibilities to Europe

THAT there is a growing sense of the responsibility of the United States toward the political and economic situation in Europe was thus stated in a recent speech made in the United States Senate by Senator King of Utah:

"It is to the financial advantage of our country that peace and prosperity come to Europe. Europe's bankruptcy would prove of incalculable injury to this nation. Not only would there be the loss of the billions owing the Government, but there would be billions lost owing to American bankers, business houses and individuals. In these days, when there is so much talk of our domestic troubles and of our disturbed financial conditions and of depression in busi-

ness and of millions without employment—a description of the tragic situation is always followed by a discussion of the economic and political conditions of Europe.

“We are beginning to see that without the rehabilitation of Europe our prosperity will be long deferred. The American people are beginning to perceive the intimate relations between the nations of the earth. They are learning that though seas divide us the world is in close relationship and that obstacles to the progress and prosperity and peace of any nation constitute impediments to the prosperity of other nations. We are linked to the world. We are a part of the world.

“With more than \$16,000,000,000 due from Europe to the United States Government and to nationals of our country, it would seem obvious that we can not adopt any course that will impair the economic strength now possessed by Europe or interpose obstacles to European revival. In a material way, to say nothing of the moral question involved, we are profoundly interested in Europe. We not only want payment sooner or later for what is due to America, but we want European peoples to be buyers of our surplus products. They must have strength to build their waste places and devastated lands and replenish their exhausted treasuries. Common business sense dictates a policy of forbearance and patience in dealing with this important question.”

There is existing in Europe a considerable feeling of irritation toward this country because after having drawn the nations of the world into the form of international organization so strongly advocated by former President Wilson, we ourselves have refused to be participants in this super-political state. Nor do we appear to have made up our minds as to an alternative method of procedure. On the surface at least it looks very much as if the United States had rather completely washed its hands of European affairs. Whether this conception of our position is true or not, there is a growing feeling in this country that in our own interests we can no longer stand aloof from European affairs. Even the farmers of the United States, who might be supposed as more or less indifferent to this matter, at their national conference recently held in Washington strongly demanded that this country should aid in the rehabilitation of Europe.

While it is gratifying to note this change of public opinion in the United States with respect to European affairs, it does not clearly appear just how this change of sentiment is to be rendered practically effectual. Perhaps the first and most essential step is that some of the European countries now occupying antagonistic attitudes shall be brought more nearly into accord. Until this is done it is difficult to see what measures the United States can take that will be of much real help in bettering the situation.

There are some things, however, which we might have done. If we did not wish to join the League of Nations, we might have united with Great Britain in protecting France from the danger of future German attacks. Apparently, if this course had been taken, much of the present source of distrust and confusion would have been removed. It may be that the support which we refused to give to France will be afforded by Great Britain alone, and while this may somewhat relax the present political tension it will not exculpate us from blame for failing to do what appeared to be a very obvious duty under the circumstances.

While the fear which France entertains toward Germany has thus far been the chief stumbling block in the process of starting European rehabilitation, there are other obstacles hardly less formidable. Instead of removing these barriers, the tendency seems to be toward increasing them. Hostile tariffs, stupid passport regulations, depreciated currencies, transportation obstacles and various other hindering devices are operating to make anything like a return to normal conditions in Europe practically impossible. Until these restrictions are lessened, and pending the realization of the necessity of greater coöperation among the nations of Europe, it is extremely difficult to see how the United States can impose upon Europe any ready made plan that will prove at all helpful in reconciling these serious differences.



A Futile Piece of Legislation

THE passage of an act providing for the appointment of a special commission of five members to be appointed by the President to adjust the Allied debts represents a piece of utterly futile legislation. In the first place, the duty of making this adjustment was one which might very properly be left to the discretion of the Secretary of the Treasury. Although the amount involved is very large, thus making the matter one of great public concern, there is no doubt that if the whole subject had been left in the hands of the Secretary of the Treasury the interests of the United States would not have been neglected. No allegations have been made against the patriotism of the present incumbent of the office of the Secretary of the Treasury. In fact, this high office is almost equal in authority to that of the President himself, and the traditions surrounding it from the foundation of the Government up to the present time have been of such a character that no Secretary would for a moment dare to disregard them.

But even admitting that it may have been wise for Congress to

have fixed by statute the procedure of adjusting these debts, when this was done surely the Secretary of the Treasury could have been trusted faithfully to comply with the provisions of the law. Apparently, however, Congress was so distrustful either of the wisdom or the patriotism of the Secretary of the Treasury that it provided in addition for the appointment of a commission composed of five members to be appointed by the President. A little study of the situation will reveal the fact that if the findings of this commission were not agreeable to the Secretary of the Treasury, there would arise a most unfortunate division of opinion in regard to a question of very great importance. On the other hand, if the opinions of the members of the commission coincided with those of the Secretary of the Treasury, their labors would appear merely superfluous. It is not disputed that an able commission might have offered some valuable suggestions to the Secretary of the Treasury. The appointment of a commission has, however, been rendered practically of no effect by the announcement that the President is to appoint as members of the commission three members of his Cabinet. This will make the labors of the gentlemen other than the Secretary of the Treasury of little use. It is inconceivable that the Secretary of the Navy, for example, should seek to impose his ideas upon the Secretary of the Treasury regarding a matter which is within the special province of the Treasury Department. The Secretary of the Treasury would very properly resent any interference with his department on the part of the Secretary of the Navy.

This legislation represents a deplorable degree of insincerity on the part of Congress. It belongs entirely in the realm of what in this country is known as "political buncombe." It is to be regretted that this element of insincerity should have entered into the solution of so important and delicate a problem as that of adjusting the Allied debts. The measure in question has been discussed at odd times in the Senate for several weeks, and voluminous speeches have been made regarding various features of the act, its constitutionality especially being open to question. All this now seems to have been mere camouflage for deceiving the public into believing that in enacting this law and providing for the appointment of a commission Congress was especially regardful of the public interests. Granting that the terms of the act are such as to limit the discretion of the Secretary of the Treasury to a certain extent, it is nevertheless extremely doubtful whether the Secretary would have done any of the things which the act prohibits, and it is quite certain that he would not have handled the matter less wisely and patriotically in the absence of a mandatory command on the part of Congress regulating his actions in a matter wherein it was desirable that he should have been left to the exercise of a wise discretion. It is further certain that beyond the limitations contained in the act

of Congress, nothing whatever will be gained by the appointment of members of the Cabinet other than the Secretary of the Treasury as members of the Allied Debt Commission.



Correcting Extreme Fluctuations in Prices

AT the recent National Agricultural Conference at Washington the following declarations were made in regard to prices:

"Whereas, periods of rising prices, such as extended from 1897 to 1920, and periods of falling prices, such as that from the close of the Civil War until 1896, work great injustice and cause unnecessary and acute friction. These radical fluctuations in the purchasing power of the dollar take money from some groups and give it to others. It leads necessarily to industrial instability. Inasmuch as some form of stabilized dollar offers hope for averting in some measure this conflict and industrial losses:

"Resolved, That this conference recommends that Congress appoint a special investigating committee to examine various plans for stabilizing the dollar and to report any practical scheme which will minimize the manifest injustice between debtor and creditor and producing and consuming classes, which result from these shifts in the general price level."

No doubt the chief responsibility for recent fluctuations in the prices of commodities must be charged to the economic disturbances created by the war. It is at least a fair subject of inquiry, however, whether or not this tendency was not aggravated by the fact that our banking reserves have been so weakened in character as to permit of the expansion of credit to a degree which may be properly characterized as inflationary.

The prevailing opinion seems to be that economic difficulties are in the main ascribable to a lack of further credit facilities. It is equally plausible to contend that the real difficulty may be found in just the opposite direction. The fact that under the Federal Reserve Act the required banking reserves were greatly reduced, that the holding of legal reserves in their own vaults by the national banks was actually prohibited, and that these institutions were compelled to lend out all their legal reserves to the Federal Reserve Banks, which in turn might largely lend them out again, and the fact of even greater importance that the Federal Reserve notes being in the form of Government obligations can be and actually are extensively used as reserves by the state banks—these various forms of dilution of bank reserves represent a vast potential expansion of bank credits. The remarkable figures of increase in national bank

resources in recent years make it clear that these possibilities have been availed of quite fully.

The fact that credit expansion was thus rendered so easy has undoubtedly been one of the causes leading to the inflated condition of credit and trade which was checked by the sudden reversal of banking policy in the spring of 1920. It is manifestly very difficult and even impossible to ascertain how much of such credit expansion was due to the character of the banking reserves and how much should be attributed to the inflationary tendencies growing out of the war. It is hardly to be doubted that these latter were of preponderating importance.

But it can hardly be denied, with so much of our banking reserves consisting of credits with the Federal Reserve Bank or of Government obligations in the form of Federal Reserve notes, that this must have a very decisive influence on the ease with which bank credits are created. If there is any one element in our entire financial structure that should be thoroughly sound, it is our bank reserve. But can it be contended that this elementary requirement is met when so large a proportion of the banking reserve does not consist of gold coin, but of mere book or note credits?

It may not be necessary or indeed desirable that all of the reserve of every bank should consist of gold coin, or that all of the legal reserve need necessarily be kept in the bank's own vaults; but it is certain that the requirements of sound banking and finance cannot be met by a law which makes it compulsory for the national banks to lend out all their legal reserves, to be in turn lent out again.

The statement may also be made with a considerable degree of assurance that the principal banks in the great credit centers like New York, Chicago, St. Louis, Boston, etc., should be permitted by law or even required by law to hold all or at least the principal part of their reserves in the form of gold coin in their own vaults. We cannot have a stable credit situation nor be free from the possibilities of inflation when the leading credit institutions of our chief financial centers are forced by law to part with all their actual legal reserves. Furthermore, it will be impossible to have that stability of credit which is desirable so long as our numerous state banks with their enormous aggregate resources are allowed to manufacture credit upon the basis of other obligations (Federal Reserve notes), which themselves are in turn based partly upon credit.

So far as the Federal Reserve notes are concerned it is quite frankly admitted that at the present time this objection is somewhat theoretical, since the notes are supported by so large a proportion of gold. Nevertheless, the objection is sound in principle, and the deleterious influence mentioned will begin to appear once the gold basis of the Federal Reserve notes sharply declines.

Instead of attempting to introduce some measure of doubtful

soundness like the "stabilization of the dollar"—which seems somewhat comparable to a proposal to vary the contents of the bushel measure, or to increase or diminish the length of the yard stick—it would be better to stabilize credit and thus to help in preventing extreme fluctuations of prices by insisting that the quality of the bank reserves of the country shall not be impaired.

Our banks are extending credits on something much less substantial than a reasonable amount of gold actually held in their vaults, and so long as this remains true we cannot expect the country to be exempt from periods of alternate inflation and deflation such as that which has marked our recent economic history.

While the country is in the possession of such a large stock of gold as that which is held at the present, it would seem to be an especially opportune time for strengthening the actual gold reserves of the banks. So long as the bank reserves are as elastic as they now are, and the manufacture of credit remains so easy as it now is, it would be idle to expect the banks and the commercial community not to make a larger use of credit than is compatible with sound requirements.

Before we attempt to stabilize the dollar or to cure an economic depression by a further manufacture of credit, let us try the old-fashioned but well approved remedy of getting our credits safely back upon the gold standard of value.



Legitimate Fruits of a Political Banking System

THE political pressure recently put upon the Federal Reserve Board for a more liberal policy in granting credit, and the extremely bitter attacks made upon this organization, illustrate quite clearly the difficulties any political banking system in this country is likely to encounter.

In many other countries of the world the banking system is closely related to the Government without arousing any such hostility. From the very inception of American institutions there has been a latent or active hostility toward banks in general and particularly toward banking corporations of great size. It was doubtless with the thought of protecting the people from the supposed dangers which lurked in a concentrated banking system that the supervising authority of the Federal Reserve System was made subject to appointment by the President of the United States.

To most persons it would seem desirable to have the banking system of the country left in the hands of bankers if that system is

to function most efficiently. It would further appear that the bankers charged with the important duty of overseeing the general banking system of the country ought to be selected by the banks at large so that they might thus represent the highest available banking talent of the country. If, for example, the members of the Federal Reserve Board were chosen by the associated clearing-houses of the United States, it would seem that this should assure the selection of the most capable bankers of the country. But the Federal Reserve Board is not solely composed of bankers, nor are its members selected in the manner indicated. Appointments to the Board are made by the President of the United States, and, according to the Federal Reserve Act, as recently amended, the President in selecting the appointed members of the Board "shall have due regard to a fair representation of the financial, agricultural, industrial, commercial interests and geographical divisions of the country." The act originally provided for only five appointed members instead of six, and did not make any mention of agricultural interests in specifying the composition of the Board. The original act required that two of the five persons appointed by the President as members of the Board should be "persons experienced in banking or finance." This provision has been left out of the act as amended and is apparently covered by the requirement that the President in making appointments should have due regard to a fair representation of the financial interests of the country.

It will thus be seen that so far as anything in the act is concerned, the President need not appoint any banker as a member of the Board. The appointment of a professor of finance in a university, or even the editor of a financial newspaper, would fulfill the requirement of giving due regard to the financial interests of the country. So a professor of agriculture in some state university might meet the requirement as to giving consideration to the agricultural interests of the country. Very likely, however, the spirit of the act would be held to require the appointment of a banker to represent the financial interests and someone actually engaged in farming to represent the agricultural interests.

Without reflecting in the least on the qualifications of the gentlemen who have been members of the Federal Reserve Board from the inception of the system until the present time, it may be truthfully said that if the selection of the Board had been left to the bankers of the country, the composition of the Federal Reserve Board would have been substantially different.

There is, of course, one objection to having the members of the Federal Reserve Board selected by the bankers of the country, namely, that if this procedure were followed the banks and possibly the great business interests of the country would exercise a very

decided control over the Federal Reserve System. In considering this phase of the matter, however, it must be remembered that the banking laws are themselves established by legislative authority, that they are subject to amendment at any time, and that furthermore the operation of the banks is already under Government control through the supervision exercised by the Comptroller of the Currency. These safeguards would seem to be adequate to protect the banking system of the country from oppressive control by great banking and financial interests; that is, if there is any real danger from this source.

The appointment of the members of the Federal Reserve Board by the President of the United States is further objectionable because the members of the Board are almost certain to be subject to political pressure put upon them with a view toward securing a more liberal credit policy than their untrammelled judgment would approve. That this is no mere idle statement may be inferred from the following quotation taken from a speech recently made in the United States Senate by Senator Harris of Georgia. In speaking of the Federal Reserve Board Senator Harris said:

"For my part, if certain members of that Board are reappointed, I shall oppose their confirmation in the Senate because of their ruinous policies. If Senators from agricultural states which have suffered such injury by their policy will join me, we shall defeat their confirmation. It is high time these men understand this banking system is not conducted for Wall Street and the money powers of this country."

Here we have an open threat to force the Federal Reserve Board to take such views of the Federal Reserve System's credit policy as may prevail in Congress. If in its policy of extending credit the Federal Reserve Board must be subject to political pressure from the House and Senate, we shall experience great difficulty in the future in preventing dangerous inflation of credit. When farmers, manufacturers and merchants are raising loud complaints because of the distress necessarily following a policy of deflation, it is but natural that the members of Congress should give heed to these complaints and seek to remove the basis for them so far as possible.

Everyone must sympathize with those who suffer from the hardships which a policy of deflation necessarily imposes, but it must also be recognized that there are times when such a policy is absolutely essential, however painful it may be. There may be difference of opinion as to whether or not the imposition of the policy of deflation that recently took place was more sudden and drastic than the situation called for, but there can hardly be any difference among those who have given careful thought to the subject that a

considerable check on credit expansion was absolutely necessary if the country was to escape an appalling financial and commercial collapse.

Some of the attacks recently made upon the Federal Reserve Board have been of an exceedingly bitter character. Its members have been denounced as "monsters, tyrants and murderers." It is not charged that the members of the Federal Reserve Board have directly killed anybody, but the statement has been made in Congress that the deflation policy was responsible for a number of suicides, and, therefore, constructively, members of the Federal Reserve Board are charged with the crime indicated. If this intemperate criticism of members of the Federal Reserve Board continues, it will have a tendency to cause men who may be well qualified to discharge the laborious duties of the position, but somewhat sensitive as to personal criticism, to hesitate in accepting membership on the Board. This view of the matter was recently well expressed by Paul M. Warburg in an article on "Political Pressure and the Future of the Federal Reserve System," published in "The Annals" of the American Academy of Political and Social Science. Mr. Warburg says:

"When members of the Board are hounded by Senators or Congressmen because they do not think it proper to flood the country with easy money, just because elections are coming; or when they refuse to believe that excessive fluctuations in foreign exchanges during the war were due to Wall Street speculation and could be regulated or controlled by the Federal Reserve Board; or when they are viciously criticised because they will not accede to the belief that fake easy money can counteract the effects of overproduction of important staples when a period of reduced world consumption is encountered—it is, at best, not easy to find men of importance willing to make the material sacrifices involved in service of the Federal Reserve Board."

There are those who believe that the present political complexion of the Federal Reserve Board would be cured by omitting the Secretary of the Treasury and the Comptroller of the Currency from its membership. It would seem, however, that this change does not strike at the root of the matter. Since the other members of the Board are appointed by the President, does not the same objection lie against them as against the two Treasury officials just mentioned? Would it not be better to have the direction of the banking system of the country remitted to the bankers of the United States, relying upon the protection afforded by the laws and the supervision of the Comptroller of the Currency for safeguarding the public against any potential aggression of which bankers theoretically might be capable?

The Sixty-seventh Congress

IT has been only on extremely rare occasions that **THE BANKERS MAGAZINE** has ventured to criticise the Congress of the country.

Recognition has been given to the fact that the members of Congress represent the general average of intelligence and patriotism existing in the country at any given time. In considering the work of Congress due weight has also been given to the fact that the members of that body are compelled to deal with a great variety of important subjects, and that to keep thoroughly informed in regard to all the matters coming before the legislative body for decision would require superhuman capability. In view of the fact that public opinion is often wrong in regard to economic questions, and that Congress can be expected only to reflect the average of public opinion, the wonder is that so few unsound measures are enacted into law. This much can be said as a disclaimer of any intention on the part of **THE BANKERS MAGAZINE** to assume a hostile or even critical attitude toward the chief legislative body of the country.

The doings of the Sixty-seventh Congress are of such a nature, however, as to make further forbearance impossible. The Sixty-seventh Congress, so far as the Senate at least is concerned, has written its own condemnation in language stronger than any outside critic could well invent. This it did in the resolutions passed as a part of its action in giving Mr. Newberry a seat in that body. This resolution should be put on record. It is as follows:

“Resolved, (1) That the contest of Henry Ford against Truman H. Newberry be, and it is hereby, dismissed.

“(2) That Truman H. Newberry is hereby declared to be a duly elected Senator from the State of Michigan for the term of six years commencing on the 4th day of March, 1919, and is entitled to hold his seat in the Senate of the United States.

“(3) That whether the amount expended in this primary was \$195,000, as was fully reported or openly acknowledged, or whether there were some few thousand dollars in excess, the amount expended was in either case too large, much larger than ought to have been expended.

“The expenditure of such excessive sums in behalf of a candidate, either with or without his knowledge and consent, being contrary to sound public policy, harmful to the honor and dignity of the Senate, and dangerous to the perpetuity of a free government, such excessive expenditures are hereby severely condemned and disapproved.”

To condemn extravagant campaign expenditures by resolution, and then coincidentally with this condemnation to give a seat to the beneficiary of such expenditures, is about on a par with the act of

a highwayman who robs you of your purse and at the same time hands you a pious tract.

It is not the purpose of **THE BANKERS MAGAZINE** to enter into the merits of the Newberry case. The action in this instance and the resolution above quoted are referred to solely for the purpose of affording a gauge by which the moral standard of the present Congress may be registered. Of course, the House did not have an opportunity of passing on this matter, and, therefore, is exempt from criticism on this ground.

The action taken in the Newberry case would seem to indicate that, so far as the Senate is concerned, but slight regard is entertained for the moral sentiment of the country, although there were a number of Senators of both parties that voted against the seating of the Michigan Senator and the accompanying self-stultifying resolution.

The action of the Senate in regard to the Allied Debt Commission represents also a deplorable lack of sincerity. The reasons for this statement are more fully given in an article appearing above dealing specially with this subject.

No surprise need be felt, in view of the action respecting these two matters, that Congress seems disposed to vote practically unlimited sums out of the public Treasury as an alleged bonus for ex-service men, this despite the warning of the Secretary of the Treasury that the country was facing a huge deficit, that it must shortly provide for refunding a large amount of its outstanding obligations, and that the business condition of the country was such as to render additional taxation extremely unwise, and that in fact Government expenditures must be reduced rather than increased.

No doubt in regard to the bonus bill the members of Congress have been subjected to enormous political pressure, to which they must inevitably yield unless it shall be made clear to the members that there is equal pressure against a measure which would make such heavy demands upon the Treasury. It is not too late for public opinion to express itself in regard to this important matter. **THE BANKERS MAGAZINE** has already expressed the view that the best thing that could be done for the ex-service men, those who are healthy and able to work, would be to find them all steady employment with the least possible delay. To do this there must be a restoration of industry, and this cannot be brought about if the taxes are to be raised to anything like the extent rendered necessary by the granting of this gift to the ex-service men out of the public Treasury.

Should Congress continue to be so unmindful of sound moral and economic principles as has been evidenced in the cases above cited, and should public opinion in the next month or so fail to be

sufficiently impressive, the only remedy left would be to change the political complexion of the House and Senate when the elections are held next fall.

The measures just referred to are matched in lack of practical vision by the proposal being received with favor in the House and Senate in regard to the enactment of a new tariff law. In spite of the fact that the United States has become the greatest creditor nation of the world, and must, therefore, in the future receive a large amount of foreign goods in payment of interest and principal of our investments abroad, Congress is acting on the theory that we are still a debtor nation, and that it is to our interest to exclude foreign goods to the greatest extent possible. At the same time an effort is being made to build up a merchant marine, whose operations must necessarily result in a huge deficit if our ships are not to carry cargoes of foreign goods on their return voyages—a deficit which it is proposed to make up by appropriations out of the public Treasury.

In the Administration of President Wilson much criticism was heard because of the alleged fact that the Executive Department exercised undue control over the deliberations of Congress. In view of the record which the Sixty-seventh Congress is making, the question arises whether or not the policy of President Harding in keeping his hands off of Congress has been an altogether wise one.



The Recent National Agricultural Conference

BECAUSE the so-called agricultural bloc in Congress has apparently been favorably disposed toward some more or less radical financial measures, it was assumed that the recent National Agricultural Conference at Washington would take an extreme position in regard to such measures. The result of the deliberations of this Congress, as expressed in the resolutions adopted, does not bear out this assumption. Although some of the measures favored by the conference may be open to criticism, the general conclusions reached by the conference were by no means of a radical or alarming character.

The resolutions started out by congratulating the President of the United States for having the courage and foresight to call the conference together, recognized that the present agricultural depression is largely an outgrowth of a disturbed world equilibrium on account of the war, and declared that stability of agriculture in the future depends in no small degree on friendly world relations.

The conference noted with satisfaction the presence of a world conference for the limitation of armament, and in regard to foreign trade adopted this significant statement:

"Whereas, the surplus production of many products of American farms have long found and now find their main market in European countries which are also now large public debtors to the United States. These are facts of importance to every business interest in this country.

"Resolved, That this conference, therefore, urge the Administration to use its good offices and its commanding position as a creditor country to aid in the industrial rehabilitation of Europe."

The conference then went on to declare that retail prices have not declined as rapidly in recent months as have wholesale prices, and commended the measures taken by the Department of Justice and the Department of Commerce by publicity or otherwise to reduce retail prices, at the same time urging more vigorous action in this direction.

The conference also recommended that every instrumentality of the Government of the United States be exerted to put the agricultural industry on a par with other industries, both as to remuneration, education and general standard of living.

These resolutions are not only mild in character, but they are such as almost any other national body of business men meeting at the present time might have adopted. In fact, the wording of some of these resolutions closely resembles pronouncements frequently made at bankers' conventions in recent years.

In the report of the committee on foreign competition and demand appeared some declarations of policy other than those above mentioned. The financing of exports through credits authorized by Congress, investigation to determine the advisability of extending preferential export freight rates to agricultural commodities not now affected, extension of the provisions of the Webb-Pomerene Act in regard to combination of concerns for export trade, and a tariff protection for agriculture equal to that afforded other industries, were among some of these additional recommendations.

It is difficult in any of these recommendations to discover evidence of extreme radicalism on the part of the farmers of the country. In fact, the effort to get up a scare on account of a supposed radical disposition among the farmers of the country seems to have been greatly overdone. This diminutive mouse of agricultural radicalism has badly frightened the Republican elephant.

Because the farmers have at various times suffered from sudden and extensive fluctuations in the value of their products there have not been wanting among this element of our population manifestations of a leaning toward financial expedients whose soundness is

open to question. On the other hand, quite frequently the common sense and conservative character of the farming population of the United States have proven a bulwark in protecting the country from being submerged by radical tendencies of the most dangerous character not having their origin among those engaged in agriculture.

Here is another declaration adopted by the Washington Conference which furnishes an evidence of a clear perception of existing difficulties:

"There can be no restoration of national prosperity until both wages and capital, which enter into the production of commodities which the farmer buys, bear their mutual and just share in the general process of readjustment. Probably the chief source of relief which the farmer may rightfully expect is in the form of a readjustment between the prices of products which he buys and which he sells."

There is no doubt whatever that these expressions of opinion temperately voice a real and serious dissatisfaction among the farmers of the country. Farmers were among the first to feel the worst effects of the so-called policy of deflation. The demand for grain and other food products experienced a sudden and sharp reversal, and farm prices rapidly declined. The decline in the prices of other commodities was much longer delayed, and as regards some goods which the farmers must buy there has not been a decline anything like what the farmer himself has been compelled to accept. It is not at all unreasonable that the farmer should feel it right that if what he has to sell is deflated, the prices of the goods he must buy should go through a similar process. Instead of this declaration being regarded as an evidence of radicalism on the part of the farmers of the country, it might with greater fairness be said that it reveals the farmer as a clear thinker and as a man who wishes exact justice to be done. It would be comforting if a labor union convention should meet and enact resolutions as even tempered and as fully evidencing a recognition of fundamental facts as do the resolutions adopted by the National Agricultural Conference.



Our Moral Obligation Respecting the Allied Debts

IN some books that have been published recently in regard to the present economic situation in Europe and in a discussion of this situation by various economic authorities, the contention has been put forth that this country is under a moral obligation to cancel

the debts owing to it by the Allied Powers. This assumption rests chiefly upon the contention that since the United States was a partner in a common enterprise, the money owing to us by our late associates in the war should be considered as representing a part of our contribution to this mutual undertaking.

If this view is correct, the position taken in the recent action of Congress providing for the adjustment of the Allied debts, but forbidding their cancellation, renders us open to the charge of international immorality.

Before the United States is convicted of moral delinquency in the eyes of the world, it may be well to give further consideration to the matter.

A considerable part of the debt now owing to the United States from Europe was contracted before our entrance into the war, and represents funds accumulated here by the nations then at war with the Central Powers to be used in the purchase of food and munitions. If the war had ended without bringing the United States into the conflict, these loans would simply have represented supplies advanced by us to the European belligerents while this country was not engaged in the conflict. It can hardly be claimed with any show of propriety that it was proper for the United States, so long as this country remained neutral, to make a gift of food and munitions to the belligerents. It is difficult to see why we are under any greater obligations to make such a gift even after our entrance into the struggle.

A prominent reason given for our moral duty to forgive our European debtors rests upon the contention that this country made a great deal of profit out of the war. In estimating this profit one prominent professor of political economy recently set down on one side of the balance sheet the gains made by certain profiteers in selling supplies to the European belligerents. He neglected to take into account the enormous debt this country had itself incurred on account of its participation in the war, the dislocation of our industry, the inflation of prices and the fact that the war has brought upon the United States the most serious crisis experienced in its history. In estimating our "profits" he not only failed to give consideration to these offsetting factors, but neglected to state that some of the European nations concerned in the war had profited by large accessions of territory.

The idea that a nation is under any moral obligation to furnish food and supplies to a country with which it may be in an alliance for war purposes is somewhat novel. If the principle is accepted, it would mean that this country had not only to tax itself to pay for the equipment and transportation of its own army and the supplies needed to keep it in the field, but was also under a moral obligation to furnish food and ammunition to the numerous countries that were

engaged on the same side of the conflict as the United States. If this principle were accepted, its application might very speedily bankrupt even so rich a country as this.

The people of the United States are anxious to fulfill completely their obligations toward Europe, and if it could be definitely established that they are morally bound to forego the payment of the Allied debts, then all discussions of the matter ought to end; but the facts and arguments thus far adduced do not seem to afford much support to this contention.

The claim that the creditor is under a moral obligation to cancel a debt represents a somewhat novel departure from accepted ideas of finance. Before the light of the new day had illuminated the world with its dazzling radiance, it was the accepted view that when a man incurred a debt he was under a moral obligation to pay it; but as the war upset many long-accepted ideas and supposed fundamental economic principles, mayhap it turned this one upside down also.



Revival of Unsound Money Agitation

IT has been said, not inaptly, "that all we learn from history is that we learn nothing from history." This observation applies with peculiar force to the world's experience in endeavoring to create capital and wealth by resort to the printing press for producing money. Despite all the disastrous experiences recorded of such attempts, this time-worn device has been resorted to by nearly all the countries of Europe as a means of picking out deficiencies in their revenues. Such a policy has not been entered upon in most cases without a full recognition of its disastrous tendencies. Financial ministers have been under the pressure of such strong economic and political influences as to make a resort to this unsound expedient practically compulsory. No similar excuse can be adduced to palliate like proposals put forward in the United States. True enough, our taxation burden is exceedingly heavy, and the country is passing through a commercial depression which is pressing with great severity upon nearly all our people; but the heavy taxes are not as yet beyond the capacity of the people to meet; and so far as our currency supply is concerned, it is certainly ample. Notwithstanding these facts, an extraordinary crop of unsound currency schemes has recently sprung up.

It will not be possible to examine all these proposals in detail, but two of them which have received wide publicity are deserving of more than passing notice, especially on account of the eminence of the men who have brought them forward—Thomas A. Edison and

Henry Ford. These gentlemen occupy such a prominent place in American industrial life that anything they may say, even upon a question about which they are not specially informed, is sure to attract wide attention.

Mr. Ford's plan for making the people rich by the use of the printing press does not differ much in substance from similar schemes that have been put forward thousands of times before Mr. Ford's day.

The enterprising Detroit manufacturer launches his paper money scheme in connection with the Muscle Shoals Water Power Improvement on the Tennessee River in Alabama. As is well known, Mr. Ford recently submitted to the Government a proposal to take over and operate this plant on certain conditions. Part of these conditions would require the expenditure of some thirty millions of dollars on the part of the Government in completing one of the dams for the water power plant. Mr. Ford proposes that instead of issuing bonds for this purpose, which would involve the ultimate payment of a large amount of interest, the Government should simply print currency of the amount required, using this currency to pay for the improvement in question. He points out that on the completion of the work and its utilization, the currency could be redeemed out of the profits.

The really dangerous feature of this proposal consists in the fact that in this particular instance Mr. Ford is probably right. If we could strictly limit the employment of the printing press to a few great projects of this character, of whose commercial utility there could be no question, and could be assured that such enterprises were invariably directed by men of the financial genius of Henry Ford, proposals of this kind might work out with satisfaction.

But once this principle is admitted, it will be extended to thousands of enterprises, many of them chimerical in character, and still others that could never be made financially profitable. These would in time render such currency of little or no value.

Mr. Ford's proposal rests on the claim that the payment of interest is unjust and unnecessary. He is evidently under the impression that all that need be done to furnish capital to industry, municipalities, states and governments is to keep the printing press running at full speed in turning out "money."

The economic justification of interest has been the subject of voluminous discussion. It is not intended here to add to this discussion further than to say that until we find Mr. Ford's theory about money to be correct, moneyed capital will have to be provided by those who have earned and saved it, instead of being turned out *ad libitum* by the printing press. Money in aggregated form represents capital; and since capital is susceptible of profitable employment, the individual who has saved and then contributed to the cap-

ital funds of the country, and foregoes making use of his savings himself, is clearly entitled to at least a fair share of the earnings of such savings when employed in the form of capital by others.

Besides enlightening the country in regard to a cheap and easy way for providing money, Mr. Ford has kindly given us the real cause of war. In an interview printed some time ago in various newspapers he is represented as saying: "The cause of all wars is gold." As further explaining this theory, he says: "There is profit in war. I don't mean moral profit or increased religious interest or spiritual interest through trial by fire, nor any of that kind of bunk—it's money profits I mean, profits in gold—that's the one and only reason for war."

Mr. Ford is evidently unable to distinguish the difference between gold and profit. He fails to take into consideration that even should we substitute his printing press currency in place of currency based upon gold, that the motive of profit in entering upon war would still remain.

If Mr. Ford had declared that selfishness in one form or another was the sole cause of war, he would have been on more solid ground; but the elimination of selfishness from human nature is not an economic question, but a moral one. If the moral constitution of mankind could be changed and people could be made to recognize that it is not only immoral to wrong one's neighbor, whether that neighbor live in the immediate vicinity or in the remotest parts of Timbuktu, but that it is also exceedingly bad business policy to try to wrest advantages from others by force, then we need not have any more wars, whether there were any gold in the world or not. It is as certain as anything can be, that even if there were no gold in the world, and this selfish principle of human nature remained, we should nevertheless continue to have war.

If Mr. Ford would use his remarkable abilities in bringing this fact to the attention of the world, he would confer upon mankind an immensely greater service than he can possibly do by giving publicity to his currency vagaries.

Mr. Edison joins Mr. Ford in condemning gold and interest in the following picturesque way: "Gold is a relic of Julius Caesar and interest is an invention of Satan." He further says that "gold and money are separate things. Gold is the trick mechanism by which you can control money." Mr. Edison's views on money are thus further expressed:

"It is absurd to say that our country can issue thirty million dollars in bonds, and not thirty million dollars in currency. Both are promises to pay, but one promise fattens the usurer and the other helps the people. If the currency issued by the Government were no good, then the bonds issued would be no good either. It is a ter-

rible situation when the Government to increase the national wealth must go into debt and submit to ruinous interest charges at the hands of men who control the fictitious values of gold."

Mr. Edison fails to take into consideration that the issue of bonds is strictly limited in amount, that the bonds, on account of their interest-bearing feature, have a special value; and, on the other hand, that paper currency being issued in practically unlimited amount and without the interest-bearing feature, must of necessity depreciate in value. This is not mere theory, but is a fact universally confirmed by human experience.

The weak point in the arguments of Mr. Ford and Mr. Edison consists in the fact that they do not perceive the difference between the demands for capital and the demands for currency. This is not altogether to be wondered at since these demands are more or less intermingled.

The demand for currency is limited to the necessities of trade. If capital could be provided merely by the employment of the printing press, the call for "money" for this purpose would be without limit. With this enormous volume of currency entering into the circulation, the value of the currency would of necessity greatly depreciate.

If money and capital could be so easily provided as Mr. Ford imagines, the human race would be practically exempt from the necessity of saving and sacrificing in order to live. The law that mankind must first earn and save if they would enjoy the fruits of industry is a part of the ancient rule that bread should be eaten only in the sweat of one's face.

Mr. Ford and Mr. Edison justly rank as two of America's most eminent citizens; the achievements to their credit in their respective lines of endeavor add lustre to American industrial history. It is greatly to be regretted, however, that they should have ventured outside of the lines in which their success has been achieved and should presume to instruct the public upon a subject about which, if one is to judge from the evidence at hand, they know very little.

In these distressing times it is quite natural that an easy way to escape from existing hardships should be sought, and no pathway is so alluring as that of inflation of the currency.

Mr. Ford, no doubt with intense sincerity, is seeking to put an end to war; but he needs to be reminded that, terrible as are the afflictions of war, the sufferings and miseries inflicted upon the human race through the employment of the printing press to provide currency are even greater.

Against these currency heresies of Mr. Ford and Mr. Edison it is refreshing to set down something on the other side, and it is especially gratifying that this expression of opinion does not come from Wall Street or from bankers, international or otherwise, but

from J. B. Howard, president of the American Farm Bureau Federation. In an address recently delivered at the Ohio State University, Columbus, Mr. Howard said:

"My mail brings me daily proposals from all quarters demanding such expedients as the Government making direct real estate loans to the farmers at 2 or 3 per cent. by currency issues, or the refunding of all Liberty and Victory bonds with a Federal currency.

"Men forget that too much printing press and too little intrinsic value is at the seat of Europe's trouble today, and that 'assignats' helped to provoke the French Revolution.

"I want to urge upon you the necessity for careful thought and action. It is well to remember that in matters of business the state is less efficient than the individual. Men may create governments, but governments cannot make men.

"Personally, I approve that constructive radicalism which provokes serious thought. It spells progress. I will go the limit regarding coöperating marketing and government supervision of all public utilities.

"But I must draw the line on an 'ism' that is destructive and not constructive, particularly if destructive of that greatest of all human agencies—personal initiative.

"I deplore a growing tendency on the part, not only of some farmers, but other men in high places, to stress the functioning of government too much and of the individual too little."



IN soberest reflection the world's hundreds of millions who pay in peace and die in war wish their statesmen to turn the expenditures for destruction into means of construction, aimed at a higher state for those who live and follow after.—

Warren G. Harding.



JOSEPH WAYNE, JR.,
President Girard National Bank, Philadelphia

MR. WAYNE has been with the Girard National Bank of Philadelphia over 25 years, having begun as a clerk after graduating from school. He became assistant cashier in 1889, and cashier in 1891, and to this position the office of vice-president was added in 1910. In 1914 Mr. Wayne became president of the bank, succeeding R. L. Austin.

He has served two three-year terms as member of the executive council of the American Bankers Association, and in 1906 was president of Pennsylvania Bankers Association.

Interest and Rediscount Rates in Relation to Farmers' Commercial Bank Credit*

By Ivan Wright

University of Illinois

THERE is a very widespread popular misunderstanding in regard to the causes for and consequences of certain interest rates in rural districts as charged by local bankers and the rediscount rates of the Federal Reserve banks as affecting these interest rates. It is not the intention here to go into an analysis of the economic phases of either of these problems, but only to endeavor to correct some of the wrong impressions about these high rates and the causes for them. For this purpose we shall separate the topic into its two natural divisions—interest rates and discount rates. No endeavor will be made to separate the farmers' marketing credit from his other short-term borrowings. For it is all in a sense commercial credit—at least so far as the bank is concerned, no matter for what productive purpose used. And the extent of the farmers' commercial credit depends largely upon their general credit standing, if they are bargaining collectively. But always upon the general credit standing of the individual farmers, no matter whether they are bargaining collectively or individually.

INTEREST RATES

The factors affecting the rate of interest charged a farmer by a local banker are numerous, and no outside interest can know these factors so well as the local banker himself. In fact, any classification or outline of these factors is sure to omit many of the hidden details of individual cases. But roughly the usual influences which raise the rates of interest to farmers may be enumerated as follows:

1. The scarcity of deposits in the rural districts makes it a matter of policy for the banks to maintain high rates in order to eliminate unnecessary credit and thus keep enough liquid assets to

meet the daily demands of the depositors.

2. The farmer is not generally in such close contact with the local banker as the business man.

3. The paper offered by local bankers for rediscount must conform to specific requirements. This necessitates the bank keeping its rates up so that undesirable or too large a volume of credit will not be demanded.

4. The local banker has practically a monopoly of the finances in his community. This is particularly true of the southern and western states, where the population is scattered over a wide area and seldom more than one bank is found in each country town.

5. The irregular and unbusinesslike habits of the farmers in the payment of their loans justifies the bankers in charging higher rates to compensate them for the farmers' negligence.

6. Farmers need a longer maturity for short-time credit than that required by commercial enterprises. This long maturity of farmers' notes ties up the bank's resources, and unless disproportionate rates are charged, which discourage considerable borrowing by farmers, the banker will find himself in an embarrassing situation when customers ask for cash.

7. Loans to farmers in many sections of the country are very speculative; for example, the frequent drought-stricken areas of Texas and Montana, and the weevil infested areas of the cotton growing states; consequently higher rates are justifiable.

8. The local bank that is not a member of the Federal Reserve System and is not able to rediscount its paper with some large city bank correspondent, is greatly hampered in its ability to meet

* Excerpt review from address delivered by Ivan Wright of the University of Illinois before the Farm Economic Association at Pittsburg December 30, 1921.

demands beyond very definite limits no matter how secure the paper is.

9. The size of the loan is an important consideration in the rate charges. It costs as much for overhead, clerical service, time, insurance and the like to make a loan of \$10 as of \$10,000, and often because of the necessary safeguards thrown around small loans, the costs for making them are greater than the larger loans. This is ample justification for a higher interest rate.

10. If the farmers were organized and borrowed collectively the rates should be less than to any individual; because the cost of making a loan to a group is much less than making a separate loan to each farmer, and the security of the group is considered much more reliable than that of an individual farmer.

11. The natural conditions and the character of the type of farming practiced influence the rates of interest. Where the soil is poor or the farming speculative, as a one-crop district or fruit growing section, the loans for productive purposes are higher than in a rich fertile soil where diversified farming is practiced and crop failures are seldom.

12. The character of the farmer himself, when known to the local banker, influences the rate of interest. A farmer who has a reputation for honesty and thrift, and is prompt in the payment of his debts, and does careful up-to-date farming is granted a preferential rate over the more dubious.

Any general leveling of interest rates would do injustice to the banking system and borrowers themselves. Loans to some farmers at 5 per cent. are more desired than loans to others at 20, and it is not the banker's fault that this inequality between the farmers themselves and their businesses exists.

REDISCOUNT RATES

For some reason the relationship existing between the rediscount rates of the Federal Reserve banks and the interest rates charged by rural banks has been very wrongly interpreted. In fact, it is commonly believed that the local

interest rates are high because the Federal Reserve or market rediscount rates are high. In larger commercial practices where the margin between the two rates is so narrow that the lending bank cannot make the costs of services of rediscounting and loaning, the rediscount rate may be effective in controlling the extension of credit by the individual banker, but for the bank where the interest rate is 7 to 10 per cent., including commissions, and the rediscount rate not more than 5, there does not seem to be the slightest possible control over the interest rate by the rediscount rate. The claim that the high rediscount rates are responsible for the high interest rate charged borrowers is only a pretext in so far as rural banks are concerned and indeed a very unjust pretext. No doubt this misunderstanding is in a large measure responsible for much of the opposition against the Federal Reserve System in rural districts.

It should be common knowledge that an advancing discount rate simply narrows the spread between the rate the borrower pays and the Federal Reserve bank rate. The borrower's rate does not advance ordinarily as rapidly as the rediscount rate, nor does it decline as rapidly when once it has advanced. Therefore, with declining rediscount rates it is improbable that the general level of interest rates will recede equally or in like manner. Even it might be very disastrous if the local bank rates receded at the same pace as the rediscount rates. Because at the times when local banks need to rediscount paper most it is very probable that the high interest rates are a necessary check upon reckless borrowing or the holding for higher prices by merchants and farmers. It would be very unfortunate indeed if the popular assumption that rediscount rates control borrowers' rates were true. Then the Federal Reserve banks could dictate interest levels in the United States, and the borrowers' rate would move up and down with the rediscount rates and become mechanical and inflexible. It is very necessary that interest rates be adapted to the circumstances of the particular

individual or firm, and this is one of the most valuable characteristics of our banking system. It is doubtful whether any student of banking or business man would for a moment approve the policy of placing the control of commercial bank rates to borrowers in the hands of any authority other than the officers of the particular bank which is concerned with the loan. Such a situation would create the very condition which the Federal Reserve Act was in part intended to avoid. That is the centralization of control over credit. In order to accomplish this purpose the twelve separate district banks were provided, and the nature of the work of these banks, as well as their discount rates, will necessarily be as different as the economic condition of the respective districts dictates. The present conditions whereby every individual member bank is absolutely independent and free in the making of rates to borrowers in so far as the Federal Reserve banks are concerned is highly desirable for both bankers and borrowers.

The War Finance Corporation with all the good purposes which it was intended to accomplish does a great deal of injustice by its endeavor to level interest rates. Of course, the borrowers are required to meet specific condi-

tions and requirements in respect to their securities, but for banking purposes the local banks through which these loans are made are responsible when the paper matures. To state the case in another way, the farmer thinks he is being discriminated against if the local banker does not secure funds through the War Finance Corporation and loan to him. But the War Finance Corporation will let the local banker have these funds only if the banker is responsible for the repayment when the farmers' notes mature. If the local banker does not believe that the farmer's circumstances warrant his receiving this additional credit, the banker is placed in a very difficult position between the farmer and the War Finance Corporation. In other words, it seems that in many cases the local banker is asked to go the security for the farmers' commercial credit for the Government when the local banker himself does not consider the loan a good risk under the circumstances. Of course, in cases where farmers need credit and the local banker would gladly serve them, believing their businesses to be sound and a good risk, if only they had the ability to do it the War Finance Corporation will meet a demand for sound credit.



England's Resumption of Financial Leadership

By HAROLD J. DREHER

Vice-President Federal International Banking Company, New Orleans

DESPITE diminishing trade, unemployment, a debt of about 7 billions 500 millions sterling, and unrest in all parts of the empire, England goes on, dealing in a common sense way with all problems, and according to the world the leadership which is looked for from her. It is refreshing to see the great good sense with which problems are met, and to witness the great practicability of England's industrial and financial leaders. Drawing from centuries of experience, with both feet

solidly on the ground, and with keen perception of future needs and financial conditions, it is fortunate, indeed, that England has taken up the financial leadership which we have laid down, for it is the brightest sign of ultimate recovery that now appears. England is about in the mood of throwing over the past, getting what is obtainable from Germany, writing off the rest as bad debts, and making a fresh start all around.



WILLIAM T. KEMPER

Chairman of board Commerce Trust Company
Kansas City, Mo.

SHORTLY after the opening of the Commerce Trust Company of Kansas City in 1906, Mr. Kemper was elected a vice-president, and the following year became president.

In 1919 when the National Bank of Commerce and Commerce Trust Company went into common ownership, Mr. Kemper became chairman of both boards and in April, 1921, when the banks were merged into Commerce Trust Company, he was re-elected to that position, which he still holds.

Opportunity Beckons to Young Bank Men

A Message for Every Bank Worker Struggling Toward the Top

By Allan F. Wright

UPON the completion of fifty years of actual banking services, James B. Forgan, chairman of the board of directors of the First National Bank of Chicago, made this significant remark:

"I attribute my success to the fact that every opportunity found me prepared to accept it."

To my mind such preparedness is the keynote of success. It enables one to carry oneself over the dead level which so many men reach early in life and never overcome. More than one successful man will tell you that he owes his success to the fact that in an emergency he could step in and do the work of the man ahead; and many more men will tell you that their defeat was due to the fact that when a great opportunity was theirs they could not rise to meet it.

Few of us, in preparing to accept the hand of opportunity when it offers, realize to what an extent the quality of opportunity is generally equivalent to the quality of education. In other words, a person may advance on the road to success with swifter progress, greater efficiency and more complete satisfaction to himself if he has the advantage of education. Of course, there have been people who have achieved business success and have not gone further than being able to read and write, but such is not often the rule. The prospects for success improve in direct ratio to

the education received. Study the lives of some of our most successful men and you will find that "the heights by great men reached and kept were not attained by sudden flight, but they, while their companions slept, were toiling upwards in the night." They made their opportunities because they realized well that their being able to take advantage of them depended upon the quality of the education they received. They saw to it that they were so well prepared for larger responsibilities that opportunities just seemed to come their way. Hamilton Wright Mabie said:

"The man whose life is intelligently ordered is always preparing himself for the highest demands of his work; he is not only doing that work with adequate skill from day to day, but he is always fitting himself in advance for more exacting and difficult tasks."

Why, then, if we choose to enter banking as our life's field of endeavor should we not prepare for progressive work in banking as we would prepare for progressive work in law, medicine or civil engineering? The ambition to advance in one's chosen work seems to be a legitimate ambition with everyone. Banking in the sense of ordinary clerical routine is simple, plain and easy and can be grasped by an elementary school graduate merely through practice. No college training or special education is necessary for performing such work. But banking in the sense of providing the chief motive power in the development of our trade and industry is highly elaborate, difficult, complex. It is more than the mere adding and subtracting of figures, the receiving of deposits and the lending of money sufficiently wise that it may be repaid on demand. It touches all aspects of our modern business life.

Have you ever attempted to fix a leak in a water pipe without the assistance of a plumber? Can you conceive of a

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man solving bank problems without a knowledge of the fundamental principles which must be applied?

You cannot bluff when the time comes, for today as never before business is demanding professionals in every line and the lazy, the inefficient and the "bluffers" are being weeded out. In this trying period after the war through which we are now passing one of the greatest needs of the day is for more trained bankers, men well versed in the theory and practice of banking. The banker is constantly confronted with complex problems, the solution of which calls for men of clear vision and understanding, men who can think straight and can do constructive work. From now on the competent workers are going to set the pace and they are going to get the reward that is due them. And for the young bank men who will equip themselves to take advantage of them, there are untold opportunities ahead. Never before in the history of this country has there been placed before its young men so inspiring a future.

I say this because it is my belief that bank executives of today are chosen not because they have distinguished themselves in other channels, but because of their fitness, because of their practical knowledge of banking and their ability to apply it successfully. If this is so, it would seem that the pathway to advancement is truly an open door to those who will prepare themselves to meet the complexities of their profession which advanced positions always bring.

If we make a failure, it can usually be attributed to the fact that we did not have the proper discipline and training that we should have had in early days.

The ultimate success that a bank

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While there is some ground to believe that the "round man in the square hole" theory has been overworked, still it is unquestionably true that certain characteristics and abilities fit a man to do one line of work better than another.

When a young man comes to a bank, if the bank can reasonably assume that he is anxious to make banking his life work, to understand where his duties lie and how his work fits in, and not satisfied to simply drudge along for a few years doing the same routine work day after day, it is willing to spend time and money in training him for positions of responsibility.

On the other hand, if a young man is indifferent toward the opportunities offered him to learn, if he is careless in his work and sullen when reprimanded—he will soon learn that bank work is not at all in his line, and the sooner he turns his life into some other field the better for himself and all concerned.

It may be that some of us fail because we think the game is easy. We do not study the plays. A big banker might be defined as one who thinks clearly, who is well informed, who understands banking thoroughly, and who has character and ability enough to operate his institution successfully whatever its size. And the making of a banker is something which cannot be accomplished by reading in books, neither can it be accomplished wholly by working in a bank. There must be a combination of the theoretical and the practical; the two are inseparable. Study and experience form the compound by which a successful banker is made.

Perhaps we squint so closely at our files or ledgers that we fail to see the relation of our work to that which it

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touches in other departments. We do not see the grandeur of the forest spread out before us because we are looking at the tree in front of us. And thus we fail to do our part in coördinating the activities which constitute the work of the bank as a whole.

We may think that because of the conscientious performance of our routine tasks that the positions "higher up" will reach down for us. We are apt to settle back and await our turn. When you see a man on the top of a mountain you can be sure that he didn't just drop there. The chances are he had to climb. He had some special knowledge or ability which others lacked or some combination of ordinary qualifications which you would not find so happily combined in other men. Before we can expect to be lifted out of our present work into something better we must each stand out as an exceptional man among men, and we must make many consecutive, well-directed efforts toward emerging from our present class.

In preparing for progress perhaps the bank clerk's greatest problem and study is in the analysis of himself. No problem calls for higher qualifications or more evenly developed men than that of banking. He should know himself and resolve to overcome his difficulties.

Sit down and take an inventory of yourself. Confess frankly to yourself what are your shortcomings—your weak points—the things on which you need bolstering up. It is the only way to find out what your obstacles and stumbling blocks are. If you are lack-

ing in tact and courtesy you should resolve to conquer these faults by your will. Maybe you're too timid—afraid to do what you know is right. Or carelessness in the things you do. Your health? How about that? There isn't anything in the world that can hold you back like poor health.

Then there's the question of your personality. Do you attract people or repel them? If we have not the kind of personality which inspires a degree of confidence in those with whom we deal, we shall surely fail in the position of increased responsibility. Have you a quick temper? That drives friends away, interferes with your work, spoils your chances for success. Perhaps you lack the ability to express your thoughts and yourself to the best advantage. If so, then you should take up the study of literature and public speaking. If you are lacking in the ability to deal with people you should seize every opportunity to meet the public and master this fault.

There are dozens of other shortcomings, anyone of which may be holding you back. But remember these things can be corrected—everyone of them. The big thing to do is first to find out what is the matter with yourself—to take an inventory.

"When I was a young man," the elderly president of a large metropolitan bank once told me, "the only way to learn the ropes in banking was through experience. It was a long, hard and wasteful method. Such a thing as business literature, educational courses in banking, etc., were unknown. Today, however, the young bank man who is ambitious can gain twenty laps

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That is the point I seek to impress upon every junior bank man. Too many of us perform the tasks set before us faithfully and earnestly, but seem to utterly lack a real grasp of the business. As soon as we walk out of the door we dismiss our jobs from our minds and never think of them until the next morning. I urge every bank employee to profit by the other man's experience. In other words, to read and study banking literature outside of working hours. A young man who follows this policy should at the age or thirty be better equipped than the "school of experience" man at fifty. And it's the man who preserves the student's attitude toward business who will hold the big job in the future.

I do not undervalue a little experience—it is most valuable. No one will attempt to deny that experience is a great teacher. The lessons which she teaches are long remembered; but the trouble is she is a slow and expensive teacher and in such a school one learns only those things with which he has come in contact and profits not by the experiences of others. As Henry Ford once remarked: "The great trouble with the school of experience is that the course is so long that the graduates are generally too old to go to work." Even though one could learn all the princi-

ples of banking by personal experience alone, it would require from twenty to thirty years, whereas by means of study and investigation one can learn the underlying principles and methods of banking in the course of two or three years.

The object of a rule is not to lessen the rights of anyone, but to point out the path which experience has taught is the wise one to follow. The traveler making his way over unaccustomed roads is grateful for the guide posts which tell him the way of his destination—he never complains when the sign at the crossroads points to the uphill way, for he is glad that the sign is there and obeys cheerfully because he knows he is on the right road.

The old prejudice against preparation through study for business life has been broken down long ago. More and more business men are making business a matter of study. "Only the fittest shall survive," says a great economic law—universal not only in nature, but in business. The man who does not keep up with the procession must inevitably drop to the rear. Those who have not the opportunity to study in working hours should utilize the after business hours. They have the leisure time to do so, the opportunity is ready at hand, it needs only a resolute will to bring them together and reap the fruits of so doing. On every side there are outstretched hands ready to help those who are willing to help themselves.

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The demand far exceeds the supply.

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Those who are studying to fit themselves for promotion are marked men. Other things being equal, selections for promotions will come from this group.

It is one of the most urgent needs of the present time. For the trained banker, for the man who has the essential qualities, knowledge and ability which befit him for the profession, the tide of opportunity is now literally at flood. And I do not believe that there was ever a time when the opportunities were so great for the young bank men who will equip themselves, and what the future may hold in store for you rests largely in your own hands. You are the master of your own destiny. It is yours to make a record of accomplishment if you will.

If one will but put sufficient time, study and desire into acquiring the knowledge, I do not believe that there is a person in any department of any bank anywhere who does not have the brains to learn banking in all its broad applications. And there are just two methods of securing the training necessary to qualify you for the position "higher up"—experience and study. Thousands of bankers have secured it through experience—painful years of hardships and disappointments. If they could have had that experience when they were young they would have

been a great deal better able to use it as they became older, but the man who gains his experience late in life usually finds the penalty much more severe. To-day you have the opportunity of profiting by the experiences of others, and of starting where they left off.

I refer to the educational courses of study offered by the American Institute of Banking and other similar organizations. The character and quantity of knowledge necessary to achieve any sort of success in the banking business are contained in those study courses, which, if diligently followed, will enable the ambitious bank employee to qualify for and carry enlarged responsibilities, for you know that the constant thought of the bank executive is for those who are able to grow and carry part of the load.

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It is admitted that this educational work is not easy. With the many attractions which surround our everyday life, you may be reluctant to give up two or three evenings a week to study. Success, however, in this field, as well as any other, is not won without hard work, and if you are willing to make the effort the time will come when you will congratulate yourself upon the fact that when the opportunity was offered, you laid the foundations upon which your success was based.



THE "laboring classes" is a foolish form of speech.
All who live labor.—Professor John Wilson, "*Noctes Ambrosianae*."

Analysis of Bank Accounts

By Stephen M. Livingston

ONE of the most important developments in a bank in recent years has been the analyzing of accounts, which presents in detail the exact standing and complete cost of an account and also enables the banker to check unprofitable business. When accounts are too small to pay for the cost of handling them, banks have set a minimum average and often charge a depositor whose balance falls below the set figure. Other banks, however, believe that it is not the amount of balance maintained, but the amount of work that an account gives the bank which should determine whether or not the account is profitable. Rather than reduce the rate of interest, the banks try to help the depositor to increase his balance or reduce the number of transit items.

Cash is the only kind of deposit which can be put to immediate use. Checks require an expenditure of both time and money. A check is not available for withdrawal or reserve until it has actually been collected, the time required to collect varying from immediately to eight days, depending on the distance of the Reserve Bank from the bank on which the check is drawn.

There is a fee charged on all out-of-town cash and collection items by the clearing-house at the rate of 1-10 of 1 per cent., 1-20, 1-40, with a minimum charge of 10 cents. The actual cost of clearing and collection is paid by the Reserve banks and assessed against the member banks in proportion to the number of items cleared for them.

In analyzing an account it is necessary to know the amount that a customer has to his credit; that is, the average daily balance. When the checks pass through the transit department (Form 1) it is filled in with the depositor's name at the top. The checks deposited by this firm are sorted into various piles according to the time that will be required to collect them, the total of each pile being posted in the form.

The slips are then passed to the analytical department and the totals posted on (Form 2), devised to show the total amount of transit items depos-

JOHN DOE & COMPANY	
	1/40
1/10	
	1200
	2
	3 10
1/20	
1763	Exchange charge
5 days	.88

Form 1

ited during a given period, also this amount reduced to one day, and the number of city and country checks in each deposit.

The amounts as shown in the totals of the various columns are then multi-

John Doe & Co.

Anal. 8

DATE	DESCRIPTION	TOTAL TRANSIT	1 DAY	2 DAYS	3 DAYS	4 DAYS	5 DAYS	8 DAYS	SPECIAL	NO. OF CHECKS		EXCHANGES	
										CITY	COUNTRY	CHARGES	COST
7/14		1973	200		10		1763			34	19		
17		4532	300		3692	36				36	28		
28		2285	200	128	1907					48	23		
29		4783	400		4381					82	27		
30		2505	200		12		2293			44	13		
31		408	400				8			84	2		
11/1		2922	200		2672	42		8		48	2		
2		2832	1200		1632					47	7		
3		2491	300	25	2136		30			62	15		
6		2692	700		1990		2			30	17		
7		2800	700		1735		65			26	13		
8		1833			142	1691				47	10		
10		1745			1618	127				42	11		
11		1889	200	98	1586					31	20		
12		2843	800		1453		590			26	14		
13		1032	100	226	856		150			20	9		
14		1250	100	163		841	146			23	11		
15		410	100			310				27	9		
17		1458	100	49	1201	358				26	12		
18		1516	1000		516					33	45		
19		1536	400	213	922					25	17		
20		287	100		187					27	4		
21		2346	1400			926				4	18		
22		1522			112	1310	100			27	10		
23		50384	9600	702	21621	6106	5147			908	335		
			1804	1804	85863	24424	25730						
			85863										
			24424										
			25730										
			64										
		31	1247490										
			4788										

plied by the number of days necessary to get returns on them, the product being the amount outstanding reduced to one day. The total of these figures is then divided by the number of days in the period which the analysis covers, the quotient being the average daily amount outstanding during the period.

The last step is the summary (Form 3). From the book balance is subtracted the amount in transit, the remainder being the actual balance. Against this amount must be carried a certain amount in reserve, in New York 13 per cent., and after deducting 13 per cent. from the net balance there remains the daily amount available for loaning. The earning capacity of this amount at the prevailing rate is then figured.

The difference between the amount of exchange charged by us and the cost to us is calculated and if a profit results is added to, or if a loss results is subtracted from the earning capacity. This gives the gross profit.

The total of the following five amounts is deducted from the gross profit, the remainder being the net

SUMMARY OF ACCOUNT	
<i>John Doe & Co.</i>	
For the Month of <i>January 1921</i>	
Average daily balance, gross.....	\$ 23,400.
Less amount thereof required to cover Country Checks taken as cash, but maintaining for collection—daily average throughout the month.....	\$ 4,758.
* Being average amount of out-of-town checks, etc., credited as cash every day (\$ 50,000, etc.,)	
Average net cash balance in our hands.....	\$ 18,642.
Less reserve in cash required by law—13%.....	\$ 2,423.
Daily available for loaning.....	\$ 16,219.
Earning capacity of above amount at 6%.....	\$ 82.64
Exchange charged the depositor by us.....	\$ 2.32
Exchange paid by National Bank for collecting country checks.....	\$.60
Net exchange ^{loss} profit.....	\$ 1.72
Gross ^{loss} profit.....	\$ 84.36
Expense of handling..... 336..... country items at 1/2% cents per item.....	\$ 6.72
Expense of handling..... 908..... city items at 1/2% cents per item.....	\$ 4.54
Incidental expenses—average for period <i>10 days on the books</i>	\$ 7.30
Interest paid..... 2% <i>On the Balance</i>	\$ 31.67
Net ^{loss} profit during period.....	\$ 40.13

Form 3

profit or loss: Interest paid, the cost of handling country items, the cost of handling city items, the cost of handling checks on bank drawn, and the cost of issuing check books.



The Bad Check Evil

By J. H. Tregoe

Secretary-Treasurer National Association of Credit Men

THE credit manager has been very fortunate indeed whose good temper has not been upset in recent months by the incessant dishonoring of checks, and who has not indulged in some open or quiet profanity at the indulgences of an evil that is so supremely foolish and beyond our own comprehension as to why it ever happens.

In the old days, when the collection of checks followed a slow process and an item might be in the float for as long as a week or ten days, a check drawn on a depository where there are no immediate funds with which to honor the check could be provided for before presentation, but fortunately the collection

of items has been greatly facilitated by the Federal Reserve System. The old opportunities for providing for a check several days after its transmission to a creditor now rarely exist. Checks move expeditiously from point of deposit to point of payment, and we consider this one of the benefits of the Federal Reserve System. Post-dated checks are used more or less by credit departments. They may be advisable in some instances, but on the whole constitute a mighty poor instrument and a post-dated check is nothing more nor less than a promissory note and carries all the attributes of a note except that it

may be deposited as a cash item and not for collection.

The number of checks which have been dishonored in recent months is not pleasant to reflect upon and lead us to believe that too many of our smaller merchants, at least, are unintelligent as to sound credit principles. Our model bad check act has proved very efficacious in controlling the evil and in our opinion should be invoked in every instance where it is applicable. We must curtail the evil. We must bend our best efforts to show merchants that issuing a check without sufficient funds with which to honor it is an offense to the very integrity of credits, and one of the most inexcusable things which could happen in the relations of debtor and creditor. Wherever the dishonored check has obtained value of one kind or another, the bad check act will apply without reservation and should be made to apply. We have not felt it would

apply in instances where the bad check did not obtain an immediate value, that is, where the check was given for an existing account. It seems now, however, that in two districts, a part of Pennsylvania and in Boston, drawers of dishonored checks where no values were obtained have been held under the bad check acts of Pennsylvania and Massachusetts. We are very glad indeed to see this extension of the act, for, if made to apply to all instances irrespective, further curtailment of the evil would be very possible.

This is something for all credit managers to think about, though with the lifting of the depression the evil will undoubtedly decrease, yet in the days of thrift we should prepare for the days of famine, and whether the evil is great or small it should be handled fearlessly and with the purpose of securing a very large curtailment in dishonored checks.



Bills Them for Amount of Monthly Savings

**Join Our
Monthly Statement Savings Plan**
Starting January 1st, 1922

We mail your statements monthly
You can pay by check or cash.

I, the undersigned

Name

Address

until further notice, would like to be a member of your MONTHLY STATEMENT SAVINGS PLAN.

Mark cross in square after amount you wish statement sent for each month.

Hereafter mail me 1st of each month bill for \$5.00	<input type="checkbox"/>
Hereafter mail me 1st of each month bill for \$10.00	<input type="checkbox"/>
Hereafter mail me 1st of each month bill for \$15.00	<input type="checkbox"/>
Hereafter mail me 1st of each month bill for \$20.00	<input type="checkbox"/>
Hereafter mail me 1st of each month bill for \$25.00	<input type="checkbox"/>
Hereafter mail me 1st of each month bill for \$30.00	<input type="checkbox"/>
Hereafter mail me 1st of each month bill for \$40.00	<input type="checkbox"/>
Hereafter mail me 1st of each month bill for \$50.00	<input type="checkbox"/>

On the above amount I understand I am to receive 4% interest payable January and July

Sign and return this to us TODAY
We will send your first statement to you December 31st.

American National Bank
Seventh and Felix

ADOPTING a new way of reminding savings department customers of the advantage of setting aside some of the monthly income for their respective accounts, the American National Bank of St. Joseph, Mo., advertised for people to join its monthly savings plan which involved the mailing of a monthly statement covering the amount of the agreed-upon sum, just as a dry-goods store mails statements for the goods purchased.

From the accompanying illustration may be seen the style of appeal used and the working of the plan.

In addition, a number of mailing cards were sent to prospects. These cards bore about the same message as the accompanying advertisement and were application forms to be filled in and checked. Within the month of December almost 500 cards were signed up and returned to the bank by people who were thus interested in a method of making themselves save money regularly and systematically.

This ad was inserted in the daily papers and cards with the same message were sent to prospects

How to Locate Errors in Transposition

By J. C. Pettit

IN the average daily figure work, especially double entry bookkeeping, incorrect balances occur usually on account of one of the four following reasons: Incorrect addition, incorrect subtraction, the posting of an amount in the debit instead of the credit column or vice versa, or the transposition of figures, the last named being the most difficult of all errors to locate for this reason: the figures are all in the item in question and the eye does not detect nor the brain comprehend the crossed or transposed position of the figures. For instance, one writes a check stub for \$39.93 and intends writing the check to match. The brain has first pictured 39, then 93, but in attempting to rewrite the amount the last impression on the brain is 93, so the eye, hand and brain, confusedly working, often incorrectly record \$93.93, making a difference off balance of \$54, or \$93.93 minus \$39.93 equals \$54.

The difference off balance caused by

a single transposition of two figures always adds 9, in this instance 5 plus 4 equals 9, and, of course, is evenly divided by 9. The cipher in the differences caused by transposition has no value except to designate the columns in which the figures are transposed. Next in importance is the fact that the right hand figure of the off balance amount, if it be under 100, indicates the number of different possible transposable figures existing to make the amount in this case four, the figures being 6 for 60, 17 for 71, 28 for 82 or 39 for 93 or vice versa. Now the accountant knows which figures he is investigating transposed and is not so much at sea in locating them. Any two figures transposed in adjoining columns will cause an off balance of one of the following amounts across the top of chart with or without the cipher, the right hand figure indicating the number of possibles and the figures immediately below disclosing which they are.

81	72	63	54	45	36	27	18	9
9-90	8-80	7-70	6-60	5-50	4-40	3-30	2-20	1-10
	19-91	18-81	17-71	16-61	15-51	14-41	13-31	12-21
		29-92	28-82	27-72	26-62	25-52	24-42	23-32
			39-93	38-83	37-73	36-63	35-53	34-43
				49-94	48-84	47-74	46-64	45-54
					59-95	58-85	57-75	56-65
						69-96	68-86	67-76
							79-97	78-87
								89-98

Chart to aid in locating errors

It is very noticeable that the accountant is fortunate if he finds his off balance is represented by one of the larger amounts. If it be 81 he has only one possible to make it; 9 for 90 or vice versa. If it be 72, he has two possibles: 8 for 80 or 19 for 91 or vice versa, and likewise on up until he reaches 9 to contend with. Without using the foregoing complete chart covering all differences under 100 and to make the rule of practical use at all times, it is well to remember that your trouble or off balance amount, if caused by transposition, is first evenly divisible by 9. For example, the off balance is 630; cipher indicates columns only:

630 divided by 9=70	transposed 07	first possible
add 11	add 11	
81 transposed 18	second possible	
add 11	add 11	
92 transposed 29	third possible	

There are only three possibles as indicated by the right hand figure of 63 and these three are determined in the above manner. If the difference were 81, there would be only one possible as indicated by the right hand figure of 81; 81 divided by 9 equals 9 transposed 90. Note that the addition of eleven now does not show another possible that would make the difference.

Transposing occurs as often, if not oftener, on the adding machine as in written work because the quickest and best machine operators work from the bottom to the top of the keyboard regardless of the columns in which the figures appear. In proving lists the usual procedure is to make two lists of the same figures and sometimes by different operators. If the lists balance very likely the amount is used as correct. If the two lists do not balance they are compared item against item or are called back one to the other. To arrive at some definite idea of what has been done in the way of error first apply the division test of 9 and probably you will find that it is not necessary to check several thousand items. If the amount off balance does not divide evenly by 9, check until you find an error of another nature, make the adjustment and try the 9 test again. If

it divides evenly, say the difference is now 72, its even division indicates that you are very likely contending with a transposition, the right hand figure denoting two possibles and the addition of 11 after the division of 9 produces the two possibles 08 and 80 or 19 for 91. This rule holds good in all transpositions occurring in adjoining columns. Say the list is now a thousand items long yet we have something definite to work on. Follow the two right hand or cent columns of either list and check all items of 08-80 and 19-91. Next place the second list exactly beside it and carefully compare items only where check marks appear on the first list. The eye quickly discovers the trouble because the mind is concentrated on the fact that one of two known pairs of figures are transposed and knowing in which columns they appear eliminates all others greatly simplifying the task.

In amounts off balance exceeding 81 in the chart and over two figures expressing the difference, the same being evenly divisible by 9, divide by 9 and add to the result as many units as the larger transposable amount carries figures to each set of figures, and continue this method until one of the amounts enlarges to the next higher column. This will give you every possible set of transposable figures, making the difference thus; difference off balance 432.

432 divided by 9=	48 transposed 480	Possible 1
add 111	add 111	
159 transposed 591	Possible 2	
add 111	add 111	
270 transposed 702	Possible 3	
add 111	add 111	
381 transposed 813	Possible 4	
add 111	add 111	
492 transposed 924	Possible 5	

In this case the sum of the two right hand figures of the off balance denotes the number of possibles, 3 plus 2 equals 5.

The writer, while cashier, was watching the individual bookkeeper of the bank trying to locate an error of \$6.30 in writing up an account for one of the largest manufacturers on his books who drew hundreds of checks each month. He was positive he had transposed and knowing only the first part of the test

had diligently checked and rechecked the \$7 and \$.70 items until they were hardly discernible, finally laying the account aside, he said, until his eyes could better see what he was looking for. On taking it up again I suggested that he

drop his \$7 and .70 items and try \$8.10 for \$1.80 or \$9.20 for \$2.90. His first investigation located a check listed \$122.96 which read \$129.26, an item he would never have located by his incomplete rule.



Some Thoughts on Old Coins

By Theodore J. Venn

[Member American Numismatic Association]

REGARDLESS of individual opinions that may be held on the subject of collecting coins, there is no question that the custom dates back to the remote ages. The earliest coinage of which we have any record is that of the Greeks in the beginning of the seventh century before the Christian era, and in all likelihood the first coin collectors had their origin shortly thereafter. However that may be, monographs and treatises on coins and medals were written at a very early day, and shortly following the invention of the art of printing quite pretentious volumes on the subject of numismatics began to appear.

While it is true that the science of numismatics, though confirming history, seldom corrects it, yet coins will be found of valuable assistance in the study of history, and especially is this true of the ancient Grecian and Roman coins. Of many of the Roman emperors our only knowledge as to what manner of looking men they were has been derived through the coins which bear their portraits. The work of the writer, the artist and the sculptor has perished, but the coin with its graven image, thanks to the activity of the collector, has survived. In other words, the man who first said "The coin survives the throne" knew what he was talking about.

The history of numismatics bears proof that a number of the great rarities which have been preserved to future generations owe their survival solely to the active or passive interest which so many bankers have taken in the coin-

age of former days adown the centuries, and this interest continues undiminished to the present day. It is no exaggeration to state that fully one-quarter of all those who have found an attraction in old coinage during any past age either were bankers or men closely affiliated with banking institutions, consequently it is reasonable to assume that a series of short treatises on various of the older coin issues will not be without interest to many readers through whose hands these pieces frequently pass and who find it difficult to procure reliable data on the subject.

FACTS WORTH REMEMBERING

Coins which show evidences of long circulation—that is, those which are much worn, which are pierced, or on which the dates or inscriptions are partially obliterated—are not desirable specimens and have little numismatic value. Collectors like to secure all their coins in as near mint condition as it is possible to procure them. Only those pieces which are excessively rare are occasionally accepted in fair or poor condition and then only at a great depreciation in value. Many numismatists will not have them at any price.

A common but mistaken idea is that age governs the value of a coin. Generally speaking, it is the quantity struck which governs the price. Thus to a great degree the rare coins always have been rare and the scarce ones scarce, although the matter of survivorship at times also cuts quite a large figure. Some coins over one thousand years old

may be secured for a few cents, while another not one-fiftieth the age would cost many dollars. This is one of the most difficult things to get the general public to understand—that it is a rarity on condition, not age, that establishes the numismatic value of a coin.

UNITED STATES SILVER HALF DOLLARS

United States silver half dollars have been coined continuously since the year 1794, with the exception of the years 1798, 1799, 1800, 1804 and 1816.

This series has been much favored by American collectors because so many of the early dates still may be secured at a comparatively small outlay, especially when the matter of condition is taken into consideration.

The coins in the half dollar series which deserve special mention due to their rarity and the difficulty of collectors in securing same are as follows:

1794—This coin is very scarce and hard to obtain in better than very good condition. As such it usually brings from \$5 to \$6 at public coin auctions; in fine condition it sells from \$10 to \$12. It is questionable whether an uncirculated specimen could be secured for \$100.

1795—This date is beginning to grow scarce. In very good condition it is valued at about \$2; in the better grades of preservation it is worth considerably more.

1796—Second rarest of the half dollar series. In very good to fine condition it brings about \$75. An absolutely uncirculated specimen probably could not be secured much under \$500.

1797—Third rarest of the series. In very good to fine condition the coin is rated at about \$45 to \$50. Uncirculated it would be likely to bring about \$200 at public auction.

1801—A scarce coin and seldom found in better than good to very good condition, as such being rated at about \$3.50 to \$4.00. In fine to very fine condition it will bring considerably more. There is a record of \$100 for a practically uncirculated specimen, said to be the finest in existence.

1802—Considerably rarer than the 1801 date and not often found in better than good to very good condition, as

such selling at \$4 to \$5. In the higher grades of preservation it also brings more than the coin of the preceding year.

1815—This date also is numbered among the rarities and brings about \$3.25 in very good condition; as a fine or very fine coin it is held at about \$4.50, and in uncirculated condition it sells from \$6 to \$7.

1836—The milled edge half dollar of this date is a rare coin, being held at about \$3 in very good condition; fine to very fine, \$4; uncirculated, \$6. The plain inscribed edge 1836 half dollar is very common and commands little or no premium.

1838—The ordinary 1838 half dollar commands little or no premium in any condition, it being very common; but the 1838 New Orleans mint half dollars with an "O" between date and bust is a great rarity, being considered by many fully as valuable as the coin of 1796. The half dollar of 1838 with flying eagle on reverse also is a scarce coin and about of equal value with the 1815.

1852—This coin is growing rather rare and as to value is about on a par with the milled edge half dollar of 1836.

1853—There is no premium on the ordinary half dollar of 1853 with arrows at date and sunburst on reverse. It is a very common coin. But the coin of this date without arrows at date and without sunburst on reverse is of excessive rarity. Only two of these coins are known to be in existence and there is a record of \$2,500 on the coin. It should be stated, however, that many numismatists view this variety of the date with grave suspicion.

There is a small premium on uncirculated and proof half dollars coined from 1879 to 1890, as the issue in these years was comparatively small, and the 1915 Panama-Pacific commemorative half dollar is growing increasingly hard to secure.

UNITED STATES \$2.50 GOLD PIECES

United States quarter eagles (\$2.50 gold pieces) bid fair to follow in the footsteps of the obsolete \$1 and \$3 gold

issues. Practically every banker is aware that there has been a numismatic premium on all dates of \$1 and \$3 gold pieces for many years, due in the first instance to the commercial demand which sprang up for these coins from manufacturing jewelers who desired to fashion them into various articles of personal adornment and also to the insistent call from those who sought them for presentation purposes on account of the odd denominations of the coins. The demand on the part of coin collectors also has been heavy on these pieces, especially for those years in which but a small number was struck, and consequently their values kept steadily increasing.

During the past two or three years there has been a large increase in the ranks of collectors of American coins, and many of the older numismatists who never had collected gold before have begun to specialize in it. The result has been that all the scarcer gold issues have increased greatly in value under the additional demand and none more so than the obsolete \$1 and \$3 issues. The heightened values naturally had a tendency to eliminate them from the commercial field and the present keen competition to secure these pieces is practically altogether of numismatic origin.

And what has been the result? Simply that the commercial demand is beginning to shift to the \$2.50 gold pieces, which now also have been out of active circulation for a number of years, with no prospect of a resumption of coinage in the near future, and possibly not for years to come. During recent months quite a large demand for quarter eagles has come from manufacturing jewelers, with the result that small premiums already are being offered for any of the common dates minted prior to 1907 (the old Liberty heads). So far there has been only a slight demand for the later, or Indian head, variety, but it is likely to increase ere long. According to all indications, the history of the \$1 and \$3 issues is about to be repeated in the \$2.50 gold series.

All quarter eagles struck prior to 1834 bring large premiums at coin auc-

tion sales, those of 1796, 1797, 1798, 1806, 1807, 1821 and 1826 being classed among the great rarities. The coin of 1848 with "Cal." in field, the 1864, 1865 and 1875 are also very rare. These coins have been sought so long and persistently, however, that they rarely fall into bankers' hands in the ordinary transactions of business.

There are a number of later dates, however, which, owing to the small quantities coined, are very likely to enter the scarce and rare divisions in the near future under the rapidly growing numismatic demand, and many of them, no doubt, frequently pass through bankers' hands. Among these may be specially mentioned the Philadelphia mintage of 1866 to 1872, 1874, 1876 and 1877, 1880 to 1887, and 1892 and 1894; the Dahlonega mintage of 1841, 1842, 1846 and 1851; the San Francisco coinage of 1858 and 1862 and the Charlotte mintage of 1842, 1846, 1854 and 1858.

Coins struck at the Philadelphia mint bear no distinguishing letter or mint mark, while those coined at the branch mints mentioned above have either a "D," an "S" or a "C," depending upon their place of origin. Mint marks frequently cut a big figure in coin values. For instance, of the Philadelphia mint 1863 quarter eagles only thirty were struck, hence they were very rare coins, while in the same year 10,800 were minted at San Francisco, these being known as the 1863 S, due to the distinguishing letter they bear. Owing to the much larger coinage, the latter pieces naturally are quite common. Such cases are frequently met with in American coinage, although the disparity in numbers is usually not so great.

Quarter eagles of New Orleans mintage bearing the date 1845 are extremely rare, as also are those of Dahlonega coinage from 1852 to 1859. The New Orleans coin bears the mint mark O. Although the latter coins are very rare and have long been sought, a number of them no doubt are still in bankers' hands, having been overlooked in searches for the usual premium dates because the coinage of other mints of the same years frequently was large and

the distinguishing mint marks often are not observed.

One of the principal reasons why many of the gold coins of Dahlenega, Charlotte and New Orleans mintage are so scarce is because a great number of them found their way to England and other countries during the Civil War in payment for supplies and were remelted and restruck into foreign coinage.

RARE OREGON "BEAVER" GOLD COINS

Among the United States territorial gold pieces the so-called Oregon "Beaver" coins occupy a commanding numismatic position. They were of \$5 and \$10 denominations and were struck in



Rare Oregon private issue \$5 gold piece

1849 by the Oregon Exchange Company of native gold. Although not a government issue, these coins were readily accepted as a medium of exchange throughout the Far West in the pioneer days, but, unfortunately for present day collectors, very few of them have survived, and the majority of these are in poor states of preservation. It is an extremely difficult task to find an exem-



Rare Oregon private issue \$10 gold piece

plary specimen. These coins received their name because of the picture of a beaver they carry on their obverse.

Of the two issues the \$10 coin is by far the rarest, as high as \$75 being offered for the piece by dealers, but an extremely fine specimen would readily bring from \$250 to \$300 at public sale. Buying lists set a price of \$30 on the \$5 piece, but it is doubtful whether a bid of \$100 would secure one of the

coins. Very rarely do either of these coins find their way into a coin auction nowadays. One of the \$5 pieces, in extremely fine condition, brought \$156 at public sale about three years ago.

SILVER 20-CENT PIECES

Many people in their late 50s or early 60s will remember the 20-cent silver pieces which the United States Government coined from 1875 to 1878. This coin never was a popular one during its brief career, being too near the size of the quarter dollar and often passed out and accepted by mistake for the coin of larger denomination. The 20-cent piece had a smooth edge, while that of the quarter dollar was milled, and the near-sighted and the aged thus had to depend largely on the sense of touch to keep from making mistakes when not wearing their glasses. Unscrupulous people also frequently ran in one or two of the 20-cent pieces in a stack of quarters. Complaint soon became so general that coinage of the piece was discontinued and it was not long before few of them remained in circulation.

Coins of this series bearing the 1875 date, first year of issue, command only a small premium unless they are uncirculated or proof specimens, in which case they are rated from \$1 to \$1.25; the 1876 is somewhat scarcer, and hence more valuable, while the 1876 Carson City coin, which bears the CC mint mark as distinguished from the Philadelphia mintage, which has none, is the rarest of the series and much sought by advanced collectors.

The coins of 1877 and 1878 also are very rare, none having been struck for general circulation during these years. All 20-cent pieces bearing these dates were proofs struck for collectors on advance orders and are readily distinguished by their polished, mirror-like surface. The coinage in 1877 was only 510 and in 1878 it was 600, hence the coins are very rare and secure large premiums. A few years ago they brought as much as \$10 at auction sales, but they are now frequently offered at \$6 to \$7. Any large increase in the collection ranks, however may send the price upward again.

Banking and Commercial Law

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Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts
Upon Questions of the Law of Banking and Negotiable Instruments

Bank Liable in Paying Check on Wrongful Indorsement

McKaughan v. Merchants Bank and Trust
Company, Supreme Court of North
Carolina, 109 S. E. Rep. 355.

A PERSON by the name of Byerly applied to the plaintiff for a loan, offering, as security, a mortgage which purported to have been signed by Byerly's sister, but which in fact was a forgery. The plaintiff made the loan, delivering to Byerly his check on the defendant bank, payable to the order of Byerly's sister. Byerly wrongfully indorsed his sister's name on the check in the following manner: "Adella J. Byerly by W. B. Byerly," and collected the check. He paid a portion of the proceeds over to the plaintiff, the same representing the amount of a previous indebtedness. It was held that the bank was liable to the plaintiff for the difference between the amount of the check and the amount of the proceeds thereof, which Byerly paid to the plaintiff, on the theory that a bank has no right to charge against a depositor's account a check paid on a forgery of the payee's indorsement.

OPINION

Appeal from Superior Court, Forsyth County.

WEBB, J.—Action by L. C. McKaughan against Merchants Bank and Trust Company. Judgment for plaintiff for a part only of the amount claimed by him, and both parties appeal. No error.

The defendant bank paid and charged to plaintiff's account a check with an unauthorized indorsement. The plaintiff was a lender of money, and one W. B. Byerly being indebted to him in the sum of \$1000, with interest, and the debt being past due, applied to the plaintiff for an additional loan, out of which the old loan was to be taken up. The new loan was to be \$3,000, out of

which Byerly was to pay the plaintiff the old loan, amounting with interest to \$1065.84.

Byerly stated to plaintiff that he would give as security a deed of trust on ten acres of land belonging to his sister, Adella Byerly. The plaintiff had the papers drawn and delivered them to Byerly for execution. Byerly brought them back with their due execution certified by a notary public, whereupon the plaintiff made out a check payable to Adella J. Byerly, whose name purported to be signed to the deed in trust, for \$2848.15, having deducted from the loan certain fees and costs, and gave the said check to W. B. Byerly to whom the loan had been made.

W. B. Byerly occupied offices across the hall from the plaintiff, and was associated in the real estate business with one Sid Venable who had been in jail about a real estate transaction. There was evidence that Venable came over to the plaintiff to get the check and was present in plaintiff's office when the check was drawn and was handed to W. B. Byerly. The plaintiff's partner, H. O. Sapp, lived near W. B. Byerly and his sister, Adella J. Byerly.

W. B. Byerly presented the check to bank, where he had long had an account, indorsed "Adella J. Byerly, by W. B. Byerly." The proceeds of the check (\$2848.15) were placed to the credit of W. B. Byerly on August 5, 1919, and were subsequently drawn out on his order. On August 6, 1921, a check for \$1065.85 from W. B. Byerly back to plaintiff was deposited with the bank by plaintiff and paid. At no time did Adella Byerly apply to plaintiff for a loan or come to his office and there was no communication between them, although she lived only a short distance. The loan was to W. B. Byerly and the security he offered of a mortgage on his sister's property was a forgery and void.

Adella Byerly testified that she never

authorized W. B. Byerly to sign any papers or indorse any checks for her, and that the signature on the check "Adella J. Byerly" was not written by her, nor authorized by her; that she knew nothing about it, and did not execute the deed in trust in question; that her name is Adella L. Byerly, but that she usually drops the L; that neither the deed in trust on the land nor the check was signed by her or by her authority or with her knowledge. The notary public who took acknowledgment states that Adella Byerly is not the person who signed and acknowledged the deed in trust before him, and he is of the opinion that the woman who signed and acknowledged the deed in trust was the wife of W. B. Byerly. Thomas Maslin, president of the defendant bank, testified that on August 5, 1919, before this check of \$2848.15 was put to the credit of W. B. Byerly he had a balance to his credit of 13 cents, and that out of this deposit, check for \$1065.84 was paid and charged to W. B. Byerly and was credited to the plaintiff.

The court instructed the jury that if they believed the evidence they should answer "No" to the second issue, "Did the negligence of the plaintiff cause said payment to be made by the plaintiff bank as alleged in the answer?" To this instruction the defendant excepted. There was no contest that the defendant paid and charged to the plaintiff's account the check described in the complaint, upon the unauthorized indorsement of the payee; that the plaintiff was not indebted to the drawee of said check at the time it was issued, and that the drawee of said check (Adella Byerly) had no information of its being drawn; that the plaintiff, the drawer of said check, received \$1065.84 out of proceeds of said check, and the court so instructed the jury, and also that, if they "believed all the evidence in the case, to answer the issue \$1782.31, with interest from August 5, 1919."

The defendant excepts because of the instruction as above in regard to the second issue, and the plaintiff excepts because the amount of the payment, \$1065.84, which he received from the

bank out of the proceeds of the check, was deducted from the amount of his check paid by the bank under the instruction as to the fifth issue. Both parties appealed.

CLARK, C. J.—The plaintiff, having canceled the security he held for the \$1065.84, contends that though he was paid by Byerly's check that sum out of the proceeds of the check which he handed to Byerly, he is entitled to recover the full amount of the check which he made payable to Adella Byerly, and which by an indorsement unauthorized by her was paid by the bank.

A bank is liable for the payment of a check on a forged indorsement unless the drawer was guilty of some negligence which caused the bank to pay it.

"A bank is authorized to pay only to the person designated by the depositor. It cannot charge against the depositor's account an amount paid by it on a forged indorsement of the depositor's account unless such payment is properly attributable to the negligence or other fault of the depositor, or unless the money has actually reached the person whom the drawer intended should receive it, or the drawer himself." 7 C. J. § 414, p. 686.

In 2 Daniel's Neg. Instruments, it is said, as quoted in note 23 to 7 C. J. 678:

"Cases have arisen in which checks have been paid on forged indorsements made by the person to whom the drawer delivered the check, mistaking his identity for the one who is designated as payee; and, although it be a forgery of the name of the person whom the bank took him to be, it has been considered that the bank should be protected in paying the check because the drawer was in fault in the first instance, and the person who forged the instrument was the person to whom the drawer actually delivered the instrument."

We do not think this quotation, however, is in point. For there was no mistake as to the person W. B. Byerly, to whom the check was paid, which was indorsed "Adella J. Byerly, by W. B. Byerly."

We do not think these, however, and other similar authorities, have a bearing upon this question. The indorsement of the check to the bank was not forged by W. B. Byerly, who obtained the money thereon. The check was obtained from the plaintiff by the forgery of a mortgage purporting to be signed by Adella Byerly, and the check procured on such forgery was handed by the drawer to W. B. Byerly, but the check was made payable to Adella J. Byerly. Whether the plaintiff was negligent or not in making a check payable to Adella J. Byerly upon the faith of a forged mortgage purported to be executed by her, and acknowledged before a notary public who certified that Adella J. Byerly had signed the deed in trust is not the issue in this case.

The plain fact here is that the plaintiff gave a check, payable to Adella J. Byerly, and that check was paid by the bank, not upon her forged signature, but to W. B. Byerly, a depositor well known to the bank, who indorsed the check "Adella J. Byerly, by W. B. Byerly." It is therefore not the case of the payment of a check upon a forged indorsement, but upon a genuine indorsement made by W. B. Byerly and the defect is not a forgery, for there was none in this respect, but the bank negligently assumed that W. B. Byerly had authority to indorse the paper "Adella J. Byerly by W. B. Byerly." There was no negligence of the plaintiff shown to justify this negligence of the bank.

Upon the evidence the court properly directed the jury to answer all the issues in favor of the plaintiff except as to the fifth issue, as to which he directed the jury to credit the check with the amount, \$1065.84, repaid to the plaintiff out of the proceeds of the plaintiff's check which had been credited to Byerly.

The amount returned to the plaintiff came out of the proceeds of the check issued to Adella J. Byerly, and, inasmuch as the plaintiff had canceled the mortgage held by him against W. B. Byerly by reason of the forged instrument delivered to him, such cancellation, as between the plaintiff and W. B.

Byerly, was a nullity, and his remedy as to so much of the proceeds (\$1065.84) as was repaid to him is to be sought by reinstatement of his lien against Byerly; and if that has been lost by the sale of the property in the meantime to other parties, it is the plaintiff's loss.

As between the plaintiff and the bank the amount of the check paid by it on Byerly's unauthorized indorsement should be credited with the \$1065.84 which was repaid to the plaintiff by Byerly out of the proceeds of the check, for this measures the loss which the plaintiff has sustained by reason of the payment of the check upon the indorsement thereof by W. B. Byerly. The \$1065.84, if lost, has been lost by plaintiff's acceptance of the forged security.

As to both appeals we find no error.



Certification of Altered Check

National City Bank v. National Bank of the Republic, Supreme Court of Illinois, 132 N. E. Rep. 832.

A person, who had fraudulently obtained possession of a check, after it had been deposited in the mail, altered the payee's name so as to make the check payable to himself. He then offered it to a jeweler in payment for certain diamonds. Before handing over the diamonds, the jeweler took the check to the bank on which it was drawn and the bank certified it, the certification stamp making the check payable through the Chicago clearing-house. The jeweler thereupon delivered the diamonds and deposited the check in his own bank, the defendant in this action, by which it was collected.

After the forgery was discovered, the drawee bank brought suit against the defendant to recover the amount of the check. It was held that the drawee was prevented from recovering by section 62 of the Negotiable Instruments Law. This section provides that the acceptance of a bill of exchange (which includes the certification of a check) ad-

mits "the existence of the payee and his then capacity to indorse."

OPINION

Action by the National City Bank of Chicago against the National Bank of the Republic of Chicago. Judgment for plaintiff was affirmed by the appellate court (219 Ill. App. 343) and defendant brings error. Reversed.

THOMPSON, J.—On January 4, 1915, the Jackes-Evans Manufacturing Company of St. Louis purchased a draft for \$629.80 from the Broadway Savings Trust Company of St. Louis drawn on the National City Bank of Chicago and payable to the order of the American Sheet & Tin Plate Company of Pittsburgh. On the same day the St. Louis company inclosed the draft in a letter addressed to the Pittsburgh company and deposited the letter in a mail box. Andrew H. Manning rifled this mail box and stole the draft. He substituted his name for the name of the American Sheet & Tin Plate Company. The alteration of the draft was done with such skill that it could not be detected by inspection. January 9, Manning appeared at Barnett Brothers' jewelry store, in Chicago, and selected and agreed to purchase certain diamonds for \$600. In payment of the purchase price Manning tendered to P. Barnett the altered draft for \$629.80. Manning, in the presence of Barnett, indorsed the draft in blank, and Barnett, with the consent of Manning, took the draft to the drawee, the National City of Chicago, and personally presented it to that bank for acceptance. The bank accepted the draft by writing across the face of the draft these words and figures:

"Accepted, payable through Chicago clearing house 55055, Jan. 9, '15—The National City Bank of Chicago, per G. D. Grim, Paying Teller."

The drawee also entered in its records the following notation:

"The National City Bank of Chicago
"Certification Debit. \$629.80

"As shown by teller's stamp we certify & charge to the account of Broadway Sav. Trust Co. St. Louis, Makers

number or date 5584 Order of Andrew H. Manning.

"No. 55055 Asst payer Jan. 9, 1915

"Customer will please call at bank & exchange this slip for check described above.

"N. C. B. 1/9/15"

The draft, with the acceptance written thereon, was returned to Barnett, who returned to his place of business. Barnett delivered the diamonds, of the fair retail market value of \$600, and \$29.80 in money, and retained therefor, with the consent of Manning, the draft so indorsed and accepted. Thereafter Barnett indorsed the draft to the order of the National Bank of the Republic, and January 11, 1915, deposited the draft to the credit of his account with said bank. January 12, 1915, the National City Bank, the drawee, through the Chicago clearing-house, paid the National Bank of the Republic the sum of \$629.80 in payment of the draft. February 4, 1915, the National City Bank returned to its customer, the Broadway Savings Trust Company, this draft, along with other canceled paper for January. The draft was received in St. Louis the following day, and the St. Louis bank at once notified its Chicago correspondent, the drawee, that the draft had been altered by changing the name of the payee, and asked that its account be credited with the amount of the draft. The drawee in turn notified the National Bank of the Republic of the alteration, and asked for reimbursement, which was refused. The drawee voluntarily credited the account of the St. Louis bank with the amount of the draft, and brought suit in the circuit court of Cook County against the National Bank of the Republic to recover the amount paid on this draft. Judgment was rendered in favor of the drawee, and that judgment was affirmed, on appeal, by the Appellate Court for the First District. That court granted a certificate of importance, and this appeal followed.

In its last analysis the question presented for decision is the liability of the acceptor of a negotiable instrument under section 62 of the Negotiable In-

struments Law (Hurd 1919, p. 2029), which provides:

"The acceptor by accepting the instrument engages that he will pay it according to the tenor of his acceptance, and admits:

"1. The existence of the drawer, the genuineness of his signature, and his capacity and authority to draw the instrument; and

"2. The existence of the payee and his then capacity to endorse."

The question presented, so far as we have been able to determine, is one that has not been passed upon by any court of last resort in this country. Judging from the able briefs filed, counsel have given this case much thought, and they say that they have been unable to find a case exactly in point. Counsel for appellee insists, however, that this case is controlled by our decision in *First Nat. Bank v. Northwestern Nat. Bank*, 152 Ill. 296, 38 N. E. 739, 26 L. R. A. 289, 43 Am. St. Rep. 247, *Metropolitan Nat. Bank v. Merchants' Nat. Bank*, 182 Ill. 367, 55 N. E. 360, 74 Am. St. Rep. 180, and *State Bank v. Mid-City Trust & Savings Bank*, 295 Ill. 599, 129 N. E. 498, 12 A. L. R. 989. We shall notice these decisions later.

Illinois adopted the Negotiable Instruments Law in 1907. This law was the result of an effort to codify the law of negotiable instruments, and to establish uniformity in this important branch of the law by securing the adoption of the code by all the states of the Union. In 1896 the commissioners appointed by the several states finally agreed upon a draft of a bill to be recommended to the several legislatures. This law, in a few cases with some modifications but generally in the form recommended, has been adopted in forty-six of the forty-eight states of the Union. Prior to the adoption of the act by the various states there was lack of uniformity in the statutes of the states and in the decisions of the courts with reference to the law merchant. This led to great confusion in the conduct of business among the merchants of the several states and prompted the effort to establish uniformity. The aim was to codify the

law rather than to reform it. In order to establish uniformity it was necessary to change the law in some states, but where these changes were made the Negotiable Instruments Law generally lays down the rule which conforms to the weight of authority. The confused state of the law before the adoption of the Negotiable Instruments Law would naturally bring some of its provisions in conflict with the statutes and decisions of the several states. In construing the act the language ought to be interpreted in such a way as to give effect to the beneficent design of the legislature in passing an act for the promotion of harmony in the law regarding negotiable paper. The court must take the act as it is written, and should give the words used their natural and common meaning. The law was enacted for the purpose of furnishing in itself a certain guide for the determination of all questions covered thereby relating to commercial paper, and, so far as it speaks without ambiguity as to any such question, reference to case law as it existed prior to the enactment is more likely to be misleading than beneficial. If the provisions of the act harmonize with the general principles of commercial law in force before its enactment, those principles should be followed, but if the language of the act conflicts with statutes or decisions in force before its enactment the courts should not give the act a strained construction in order to make it harmonize with earlier statutes or decisions. If this is done the very purpose of the act is defeated. In order to keep the law as nearly as may be uniform, the courts of all the states should keep in mind the spirit and object of the law, and should give to the language of the act a natural and common construction, so that all might be more likely to come to the same conclusion.

Section 62, hereinbefore quoted, so far as it applies to the facts in this case, declares that the acceptor by accepting the instrument engages that he will pay the instrument which he has accepted according to the tenor of his acceptance, and admits the existence of the payee and his then capacity to indorse. (The

instrument which appellee accepted was payable "to the order of Andrew H. Manning." By its acceptance it admitted that Andrew H. Manning was in existence, and that Andrew H. Manning at the time of acceptance was not suffering any legal disability which would affect his ability to pass title to the instrument accepted by means of indorsement. According to the plain language of this section appellee by its general acceptance bound itself to pay a draft for \$629.80, payable to the order of Andrew H. Manning.) After the draft was accepted by appellee the drawer was discharged from liability thereon. When appellant took the draft it was complete and regular upon its face. It had been duly accepted by the drawee. It was taken in good faith and for value, and appellant then had no notice of any infirmity in the instrument or defect in the title of the person negotiating it, and appellant was therefore a holder in due course. It relied upon the general acceptance of appellee, and under the Negotiable Instruments Law was protected by it. This construction of section 62 is in accordance with that sound principle which declares that where one of two innocent parties must suffer a loss the law will leave the loss where it finds it.

The first two cases on which appellee relies were decided some years before the adoption of the Negotiable Instruments Law, and in so far as the principles announced in those decisions are in conflict with the positive provisions of the statute the statute must prevail. In both these cases it was held that the drawee by accepting a draft simply warranted the genuineness of the signature of the drawer, and that it had funds sufficient to meet the draft, and engaged that those funds should not be withdrawn from the drawee by the drawer, and that the drawee would pay the amount actually due on the check to the person legally entitled to it. It was specifically held that the acceptance of a draft did not warrant the genuineness of the body of a draft either as to the payee or the amount. These decisions are in harmony with the first obligation placed upon the acceptor by section 62,

but are in direct conflict with the second obligation fixed by said section.

Appellee contends that the drawee by accepting this draft admitted the existence of the payee named in the draft by the drawer—that is, the American Sheet & Tin Plate Company—and that it admitted the capacity of the American Sheet & Tin Plate Company to indorse the draft. We cannot agree with this contention. The drawee knew nothing of the American Sheet & Tin Plate Company, and could have admitted nothing regarding its existence or its capacity to indorse. If section 62 means anything, it means just what it says; that is, by accepting this draft appellee admitted the existence of the payee then named in the draft and the capacity of the named payee to indorse the draft.

In *State Bank v. Mid-City Trust and Savings Bank*, supra, the State Bank accepted a check payable through the Chicago clearing-house when properly indorsed. A depositor of the Mid-City Bank whose name was the same as that of the payee named in the check forged the indorsement of the payee and deposited the proceeds of the check with the Mid-City Bank. In this case the acceptor, the State Bank, recovered from the Mid-City Bank the amount paid on this check. The declaration on which recovery was had was drawn on the theory that the acceptor was liable to pay the amount of the check to the real payee. It was held that the check had never been delivered to the real payee, and had never come into his possession, and that he had acquired no right and incurred no liability by reason of the acceptance of this check. The judgment was reversed, and the cause remanded for a new trial. Section 62 of the Negotiable Instruments Law is not mentioned in the opinion, nor does it appear that it was considered by the court in reaching its conclusion. When the facts in that case and the point presented for decision are considered, the decision does not conflict with anything we have had in this opinion.

The judgments of the Appellate and circuit courts are reversed.

Judgment reversed.

SECTION





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The Financial Outlook of Mexico

By G. B. Sherwell

WIDELY contradictory seem to be the opinions prevailing in American financial circles as regards the true financial outlook of Mexico. The national indebtedness has been the subject of much speculation lately, and the morale of investors and traders can hardly be raised until a firm policy is adopted on this matter, a policy based on facts.

An analysis of the Mexican situation showing the assets and liabilities of the country and how credits could balance the debits, will enable us fully to comprehend the situation and decide which policy will be the best to follow in conducting business with Mexico.

THE MEXICAN DEBT

The Government of President Obregon recently announced that its purpose in increasing exportation taxes on national petroleum and its by-products was to produce sufficient revenue, to be applied exclusively to Mexico's external debt. It was also announced that the money thus collected would be deposited in a Mexican bank. The result was the closing down of the oil wells, the trip of the leading American oil men to Mexico City and the ensuing conference with the President and financial heads. No official statement has yet been issued as to what agreement was reached, but the production of oil and its exportation are at full swing at present. It is thought that the last trip of Mr. Lamont to Mexico had much to do with this arrangement, and that the oil companies will purchase blocks of Mexican bonds at market prices, to be delivered to the Government of Mexico as part payment for the export taxes on oil.

Is it absolutely essential for the Mexican Government to depend upon the petroleum revenue in order to adjust its debts? Though Mexico as a country enjoys the right to fix its own tariff for the exportation of its products, is it jus-

tifiable and wise to fix such taxes as to make the exportation of its mineral or agricultural wealth almost prohibitive? If the national revenue is to be increased by taxation, why not tap other resources? Careful analysis of the tariff discloses the fact that other products like tobacco, alcohol and pulque are not heavily taxed. Intelligent revision of all the tax rates of the country, especially those relating to the production, distribution and excise tax on tobacco, liquor and other luxuries, with a view to raising additional money for the purpose of resumption of the payment of the debts, is to be recommended.

Several bankers doing business in Mexico believe that it is not even necessary to increase the present Mexican tariff, in order to provide for funds to resume payments, as they believe that the actual revenue of Mexico is sufficient for this purpose. A Government publication last year shows that out of a total disbursement of about \$132,000,000 for the expenses of the Mexican Government in the fiscal year ending June 30, 1920, about 65 per cent. was spent for war purposes. This percentage would appear as reasonable if compared with the sums spent by other nations during the last year for the same purpose, including the United States. But in the case of Mexico the money is wasted in the upkeep of an army wholly out of proportion to the needs of the country unless its conservation is intended to placate the ambition of numerous revolutionary leaders. A good fraction of such an army exists only in the payrolls, a fact which strengthens the belief that drastic reductions in the appropriations for war purposes are indispensable, not only for the sake of economy, but on grounds of morality and with the object of regaining the Government's respect abroad. Similar reductions may be effected in other appropriations, thus placing the country on a better financial basis.

Unquestionably the present Govern-

ment of Mexico will have to consider various economic problems which beset the country; but they are not so urgent as those confronting many other nations of Europe and America and can very well be attended to when, by intelligent and conscientious handling, the pressing financial problems are untangled, as may be done in a relatively short time.

A great part of the unfavorable conditions of the Mexican finances is undoubtedly due to the trying period of readjustment through which Mexico is now passing, due to revolutions and the European war. Under any circumstances, Mexico needs wise legislation for the development of her natural resources, particularly the exploitation of petroleum, silver, gold and other minerals, proper and humane legislation in regard to foreign colonization of the country and soil rights, such as will encourage investment of foreign capital and immigration also. The banking laws must be carefully studied. A system similar to our Federal Reserve System is needed for the stabilization and protection of local institutions and foreign banks as well. Liberal legislation in regard to farming, one of the principal factors of Mexico's wealth, and finally the improvement of the railroad situation, are essential to the prosperity of the country.

The foregoing indicates how Mexico could provide money for the reduction of her debt from sources already created, and also how financial conditions could be improved on the basis of tariff revision and legislation. Let us recall, too, the valuable asset of the credit enjoyed by Mexico's merchants, whose commerce is built upon the strongest pillars of conservatism and honest dealing. Commercial transactions are safe and sound in spite of actual conditions, and this fact is giving the Government of Mexico considerable help.

BANKING AND CURRENCY PROBLEMS

The banking problem of Mexico is one of the most difficult with which the present Government is confronted. Banking development in Mexico has been slow and halting.

Bankers had formerly no difficulty in

securing concessions and privileges through the favor of Government officials. Several private houses were doing excellent business under such protection. There were banks of issue in most states of the Mexican Union, but in spite of the rather liberal concessions these institutions enjoyed, the banking service was a good one and nobody distrusted the notes issued by these establishments. Their scope of business was rather limited, and loans on mortgages and other long period transactions constituted their principal source of profit. Banking business went on normally during Madero's administration, but during the régime of General Huerta, a financial crash was brought about, as several banks, acting upon Huerta's instruction, issued tremendous amounts of paper currency with no security whatever. People refused to take this kind of money, prices soared, and all banks were looked upon with suspicion. Carranza precipitated the inevitable catastrophe by closing down, under political pretexts, practically all the national institutions of credit and withdrawing (by force in several instances) large amounts of currency stored in their vaults. Since then, and up to a few months ago, banks have practically done no business. Their paper is quoted in the market, but does not circulate as currency. The notes of the Banco Nacional are quoted at present at about 50 per cent. of their par value. During that period only branches of foreign banks were operating, and fortunately none of them retired from the field in spite of the adverse conditions and of the strain imposed upon them by the continuous turmoil and Government changes during the last years. They did good business, and are still enjoying confidence and good will on the part of the merchants. Unfortunately, American interests have not been represented until lately, and we are having and will have to fight strong competition from other long established foreign institutions of credit.

However, these foreign branches were maintained in Mexico City only and the rest of the country was badly in need of banking service. The result was

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that several private banks were established almost at the same time throughout the country and they coöperated efficiently with the foreign banks in Mexico City in carrying on banking business all over the country. They came to fill a great necessity. They did well and are still progressing.

Permission has been granted by the Government of President Obregon to reopen several of the old banks, which were closed by President Carranza, but they have not done much business so far. In fact, readjustment will be difficult to accomplish, and the settling with the Government for the amounts due to banks and by banks with their depositors will require a long time.

THE CURRENCY SYSTEM

The currency system during the régime of President Diaz was entirely on a silver basis and fluctuations in value were chiefly due to the slight market silver fluctuations of the time. Gold, copper and bank bills also circulated. These bills were taken at par, with the

exception of those issued by a bank in Yucatan, which were accepted at a very small discount. During the period of Madero no change was made in the currency system, although due to the rise in the price of silver at the beginning of the European war, silver coins began to disappear. Under Huerta they continued to disappear with the resulting increase of bank bills, but common exchange transactions were made with no apparent difficulty. After Huerta, President Carvajal issued Government bonds, known under the name of "Bonos Carvajal," bearing interest, and which were cheerfully accepted by the people. Unfortunately, these bonds have been repudiated by the subsequent Governments, and they have no present value. Slight hopes are entertained on the part of several bond holders that these securities will be redeemed some day at a certain price. This hope is based on the fact that certain foreign banks operating in Mexico are large holders of these bonds and will naturally file a claim sooner or later.

Insure Your Profits

The present erratic state of the foreign exchange market may turn your profit as importer or exporter into a loss over night unless you take proper steps to provide against such a contingency.

In arranging for the importation of goods, payment to be made at some future date in a foreign currency, it is possible to engage immediately a rate at which the required amount of exchange will be supplied you when date of payment arrives.

Likewise the foreign exchange which as an exporter you expect to receive at some future date for goods to be shipped abroad, can be immediately sold for forward delivery, thus insuring the amount in U. S. dollars which you will eventually receive for your merchandise.

In this way you can remove from your foreign trading operations the undesirable element of speculation in foreign exchange, and in this respect at least business again can be conducted on a safe normal basis.

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The period of continuous changing of governments after Carvajal was marked by a complete chaos and demoralization in the currency. Gold and silver and even copper coins disappeared, either by exportation or by hoarding. All kinds of bills were issued by the political parties then in activity, and fractional coins were replaced by small pieces of cardboard called "cartones."

President Carranza, with the declared purpose of solving the monetary problems, issued a new kind of Government bills called "infalsificables," which were to be exchanged for certain preferred old issues (many were repudiated) at a certain ratio. Metallic reserves against this paper currency were deposited at the rate of twenty Mexican cents per paper peso.

But after several months even this issue was repudiated by Carranza, and "infalsificables" are now only accepted in payment of government taxes of certain kinds at a very small value. Toward the end of the Carranza administration the currency situation was much improved. Gold and silver were coined in large quantities, and the Government withdrew all paper issues. This is something of which Mexicans may be proud. Everybody took his medicine, everybody suffered losses, but at the same time everybody heartily welcomed the return of "real" money. Merchants went through very painful losses without complaints. The sound, safe and conservative methods of the majority of merchants in Mexico were responsible for this. Since then Mexico has had only metal in circulation and it is one of the safest countries for trade as its currency is subject to but slight fluctuation. Lately, some stringency has been felt in the circulating medium. Nevertheless, having only metal in circulation is not only inconvenient but also inadequate and insufficient for the needs of the country. The present Government has been studying a plan to issue new paper currency, and last June a rumor was current in Mexico that it was the intention of the Government to open a bank, to be called the Bank of Mexico, and to that end the Monetary Commission, which has been a sort of an



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official bank, would be liquidated. The capital stock of this new institution would be 100,000,000 pesos, divided in two series, stocks A and B. Stock A of 50,000,000 pesos would be subscribed by the Government and be deposited in the National Treasury, while Stock B would be offered for public subscription. The Bank of Mexico would be empowered to issue paper currency at the rate of two to one against metallic reserves, and besides doing regular banking business would rediscount for other banks.

This plan has been long under discussion, but nobody knows whether it will ever materialize, as the idea seems impracticable. In the first place, the Mexican Government is not at present in a position to raise 50,000,000 pesos, to be deposited in the Treasury and kept there inviolable. In the second place, the Mexican people and financiers have not enough confidence to invest money in an official institution. In the



Shipbuilding

AS foreign trade doubled and trebled, the shipbuilding industry began to recover the prestige it had enjoyed prior to the War of 1812.

The fifteen years prior to the Civil War saw the industry at its height. Tonnage increased steadily. In spite of the high wages, ships, chiefly of the clipper type, could be built here more cheaply than in Great Britain and British shipyards were regularly undersold. With the advent of steam, however, the possibilities of which American ship-

builders had steadily ignored, the supremacy passed into British hands.

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third place, it will be the hardest task to make people accept new Government paper currency after all their painful past experiences, even if they are told that the collateral for this paper is deposited in the national vaults and cannot be touched. Such assurance could hardly be accepted by the people for many years to come.

Paper backed up by foreign capital would be in all probabilities more acceptable, and should the Government grant a concession to foreign banks (possibly to those interested in the Mexican debts at present) to open up a bank with certain privileges for issuing bills, the critical monetary situation would be relieved.

The banking field in Mexico is large and opportunities are of the very best. Up to the present time American banking institutions, even those engaged solely in international banking, with very few exceptions, have not made up their minds to enter the Mexican field. Some of them give as reason that although Mexico has no banking laws at present it must have them sooner or later, and it is possible that these laws would be made in such a way as to make it impossible to work on a profitable basis.

Three or four agencies of New York banking institutions are already operating in Mexico, but their work so far has been incomplete. These banks should keep their American customers well informed as to Mexican developments and as to the financial and credit conditions of merchants and importers down there. Exporters and traders cannot be interested in Mexico if they have only a faint idea of the kind of risks they are incurring when they ship goods to Mexican firms. Some exporters state that their experiments with Mexican trade have failed one after another. A share of this failure is apparently due to the banks themselves, since they do not keep their customers well posted as to credit information and moral risks. Banks should naturally be the most reliable counsellors of exporters. They must be able to judge foreign banking situations from a broad and intelligent point of view. They ought

not to kill trade with a country by advising their customers to be over careful, or not to enter the field at all. Some banks even refuse to take collections on several places in Mexico, giving always as an excuse the unsettled condition of the country.

Everything sold in the United States can be sold in Mexico, and manufacturers will take advantage of this field if they may count upon the necessary co-operation of their banks, and after a very careful study of the market they enter the country gradually and not dash into it with the intention of either making a good bargain out of it or withdrawing from it capriciously. If they decide to go there, they ought to be prepared to remain.

Dealings in Mexico should in all cases be conservative, but we must start some time and this seems to be the most propitious time to do our studying and our propaganda work.

It is known to everybody that conditions in Mexico are unsettled and that goods exported during the last years were subject to great risk while in transit through revolutionary zones, but this is no reason for stopping trade with Mexico entirely. During all the years that the Mexican revolution lasted England and France knew all the time, and as long as the European war permitted it, how to keep Mexico well supplied with their goods. Their losses were relatively insignificant. Canadian, French and German banks have been established in Mexico for a long time past, and the service they have rendered to their home exporters is responsible for their having so healthy and strong a foothold in the market, which not even the great war could weaken to an appreciable extent.

SUMMARY

Summing up, we have on one side a liability the future readjustment between the Government and the old national banks and the settlement of the amounts owed to them by the Government. Then we have the incomplete banking facilities offered by Mexican institutions on account of the old banks being still closed. The fact that the

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promulgation of banking laws is still in abeyance—a situation which is retarding banking development in Mexico—is also counted on the liability side. But there is undoubtedly a solution for every one of these problems. The field, with the exception of Mexico City, is not properly exploited and there is every reason to believe that a prosperous time is ahead. Banking is the pulse of commerce in every country and there is no reason why financial progress could not follow its natural and gradual development in the Mexican Union.

OIL

The world has never been as deeply interested in oil matters as it is at present. The enormous demand for oil was due not only to war necessities, for it is evident that it is just as badly needed in peace as in war. The United States produces about two-thirds of the total oil of the world, but its reserve is constantly decreasing. Some believe that the oil resources of the United States will be exhausted within forty years.

As a matter of fact we consume more oil than we produce. Where are we going to get oil to satisfy the increasing needs of our industries? For geographical as well as economic reasons we must get it from Mexico. Mexico's oil contribution to the world markets is constantly increasing and only a very small part of the oil fields are being exploited at present. The states of Tabasco, Campeche, Chiapas and Oaxaca, where experts have found evidence of immense deposits of oil, are still open for exploration. Mexico ranks in the second place as oil producer in the world, the United States leading, but technically speaking the production of Mexico cannot by any means be compared with that of the United States, for the best wells of the American Union produce about forty barrels a day, while the average production for one well in Mexico during the year 1919 was about 900 barrels a day, and it is calculated that if the flow of oil were not restrained some wells would produce an average of 20,000 barrels per day. This state-

ment shows what the oil industry in Mexico means to the world as a whole and to Mexico in particular. The Mexican Government collected as petroleum tax in the year 1920 about 75,000,000 pesos, and, as has already been stated, this Government had proposed an increase of 25 per cent. on export taxes on petroleum and its by-products with the object of applying the sum thus collected to the payment of Mexico's foreign debt.

Foreign capital for the development of the oil industry is not lacking, and all that is needed is coöperation, good will and justice on the part of the Mexican Government, in the handling of the oil matters. Recent developments prove that Obregon's Government is well disposed towards encouraging and facilitating the development of the oil industry, thus benefiting the country itself. The recent Supreme Court decision in regard to the "amparo" proceedings filed by the Texas Company has been taken as a very significant statement that the present Mexican officials are being inspired by justice in the settlement of their international affairs. Thus, briefly speaking, one of Mexico's greatest assets is its oil riches, which after proper legislation is passed relating to its production and exportation, will constitute perhaps the greatest revenue producing item for Mexico.

THE RAILROADS

Great attention is being given now by the Government of Mexico to the railroad problem, which appears to be very difficult to solve. The railroads of Mexico are either under Government administration, or operated by private enterprise. Those controlled by the Government are at present suffering from a severe and difficult crisis. Rolling stock is lacking, not sufficient engines, poor organization and management. All is chaos, politics and graft. Moving of goods on railroads under official jurisdiction, when possible, is slow and difficult. Traffic control from Mexico City has proven to be far from efficient, although some improvement is being felt gradually.

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of Mexico at present is by carload from any point in the American side, so that there is no reshipping made on the other side and cars are not opened until they reach their destination. Several freight brokers and forwarders established along the border line are operating private trains from the ports of entry to Mexico City, thus avoiding congestion at the custom houses and long delays.

The Government is in great need of funds to keep the roads in good condition and to buy rolling stock, but more than anything else it needs competent men to manage and control the railways under its jurisdiction, men who would be appointed on an efficiency basis and not for political reasons.

Those who knew Mexico ten years ago have a very sad impression when they travel upon Mexican railways at present. Years ago anybody could travel in that country with comfort and



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Bergamo	Foligno	Oneglia	Signa
Bibbiena	Forte dei Marmi	Orbetello	Siracusa
Bisceglie	Fossano	Orvieto	Spello
Bitonto	Frascati	Orzinuovi	Squinzano
Bologna	Frosinone	Ostuni	Tagliacozzo
Bolzano	Galliano	Pagani	Tempio Pausania
Borgo a Mozzano	Gallipoli	Palermo	Termini Imerese
Bosa	Gavi	Pallanza	Terranova di Sicilia
Bra	Genoa	Parenza	Tivoli
Brescia	Giugliano in Campania	Perugia	Torre Annunziata
Cagliari	Gravina	Pesina	Torre dei Passeri
Caltagirone	Greve in Chianti	Piedena	Torre Pellice
Camaltore	Grosseto	Pietrasanta	Trani
Campiglia Marittima	Gualdo Tadino	Pinerolo	Trapani
Campobasso	Gubbio	Plombino	Trento
Canale	Intra	Pisino	Trieste
Canelli	Ischia	Poggibonsi	Turin
Canosa di Puglia	Ivrea	Poggio Marino	Vasto
Carate Brianza	Lagonero	Ponte a Poppi	Velletri
Carloforte	La Maddalena	Pontecagnano	Venice
Carru	Lanciano	Pontedera	Viareggio
Casalbuttano	Lanusei	Portoferraio	Viterbo
Casalmaggiore	Lauria Superiore	Porto Longone	Vittoria
Castellamonte	Lecco	Porto S. Giorgio	Volterra
Castelnuovo di	Leghorn	Porto Torres	
Garfagnana	Legnano		

COLONIAL BRANCHES

Bengasi (Africa), Tripoli (Africa), Rhodes (Asia)

FOREIGN BRANCHES

England: London (Representative). **France:** Paris, Lyons. **Germany:** Berlin (Representative). **Spain:** Madrid, Barcelona, Tarragona, Montblanch, Borjas Blancas, Santa Coloma de Queralt, Valls. **Switzerland:** Chiasso, Lugano. **Zurich** (Representative). **Turkey:** Constantinople, Galata, Stamboul, Pera. **Malta:** Valletta. **Asia Minor:** Adalia, Smyrna. **Syria:** Aleppo, Beyrouth, Damascus, Tripoli. **Palestine:** Jerusalem, Caiffa, Jaffa. **Egypt:** Alexandria, Cairo, Port Said, Mansourah, Tintah, Beni Mazar, Beni Soueff, Fayoum, Magagha, Mit Ghamr.

American Representative

RODOLFO BOLLA, 1 Wall Street, New York

pleasure. The revolution changed matters, although the situation is not so bad now as it was three years ago. Gradual improvement is being felt, and it is quite probable that if the present Government succeeds in stabilizing itself before long, shipping and traveling from and to Mexico will be safe and easy.

Railroads under private ownership are being operated regularly and more or less efficiently. They have much to put up with, but everybody in Mexico seems to be willing to make the best of the present conditions.

The railroad system as a whole is not an asset for the Government of Mexico. Railways are operated at a loss, and future expenditures in the repairing of the roadbeds and securing sufficient engines and rolling stock to take care of the constant increase in traffic will be quite hard for the Treasury to meet. On the other hand, after the Government succeeds in stabilizing itself and an efficient administrative staff is appointed to manage the roads, there is no reason why they should not be operated on a profitable basis.

FARMING AND OTHER INDUSTRIES

It is known that prospects for farming in Mexico are of the best. There is no product which could not be raised in that country, due to the different kinds of climate in the seven sections of the country. However, only on a very small percentage of the farms are modern machinery and implements used. In fact, due to the past troubles, agriculture has not made a step forward and the people have been more or less supported by purchases of food from American markets.

The greatest problem before the Mexican farmers at present is the difficulty in transportation and distribution of their products to the consuming centers. Last June there were immense amounts of wheat and beans stored in the railroad stations on the different lines of the western states of Mexico awaiting transportation to Mexico City and the East, where they were in great demand, but, due to the long delay, they were



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spoiled and could not be shipped. On the other hand, trainloads of wheat were shipped direct from the Middle West of the United States into Mexico City and other places. Farmers cannot feel encouraged to plant on any extensive scale if they cannot count on the full support of their Government. No definite decision has been reached so far in regard to the agrarian problem. Practically all the governments after the downfall of President Diaz have studied this question, but none of them has been able to reach a satisfactory solution. Madero's platform was principally based on the agrarian question. He promised the division and repartition of the large estates in order to give a strong impulse to agriculture. Under the administration of General Diaz the bulk of the land of Mexico was owned by rich people, who in some cases controlled more acres of land than some kings of Europe, and, of course, only a

small portion of which they were able to cultivate. President Obregon's legislation has sought to find a solution to this problem, but so far has accomplished little.

One of Mexico's greatest needs is immigration. There is the same kind of land on either side of the Rio Grande, but the Mexican side is far from being so well developed as the American. Extensive immigration would help to cure this condition.

It is difficult to form a clear idea of the Mexican labor situation at present. A touch of political color has always characterized the industrial question of Mexico. Recent developments in the great cotton industry section of Puebla have clearly brought this fact to light. Labor is divided in several political groups. One of the strongest of these groups is rather inclined to Bolshevik ideas. Its movements have been characterized by open antagonism to religion.

The labor problem in Mexico is one which has not shown any signs of improvement in recent months. The Government cannot be blamed for this, because in the last instance labor activities have taken their natural courses according to commercial developments. We hear now, for instance, that a severe increase in unemployment is expected in Mexico, especially in the dry goods manufacturing line, during the coming months, due to the fact that the country is at present overstocked with foreign goods and manufacturers will

have to curtail their productions. On the other hand, it is expected that, due to the increasing price of silver, mines will start operating again and thus help in relieving the unemployment situation.

From this exposition it may be concluded that the situation of Mexico is far from hopeless. Most of the economic problems of that country will be solved as soon as proper legislation is enacted. Many others are nothing but the natural product of the present readjustment era and will gradually be eliminated. However, nothing can be attained until the Mexican Government is stabilized. This Government needs foreign support, and to this end American recognition is the greatest necessity.

As to the Mexican people, they need to wake up and find themselves out. They need to open their eyes and realize that nature has bestowed upon them the most wonderful gifts imaginable. Baron Von Humboldt's idea of Mexico was that of a beggar sitting on a pile of gold crying out his misery. Mexicans also need to put aside and forget their internal troubles and their dislike of foreigners who help Mexico by helping themselves. By so doing they can place their country among the most prosperous of the universe. Those outside must change their erroneous ideas about Mexico and the Mexicans. This can only be done through honest investigation, and not by giving ear to incomplete and selfish information.



Upholds Justice of Allied Debt

OPPOSING Professor Seligman's argument for the cancellation of the Allied debt, Alvin W. Kreh, president of the Equitable Trust Company of New York, said recently, in an address before the convention of the American Economic Society at Pittsburgh:

"First of all, I think that it is not right to brand the debt as an unjust

debt. The debt is a most honorable debt both for the debtor and the creditor. It was an honor for us to rush to our embattled Allies our material help, and it is an honor for the Allies to owe a debt which wrought victory. After all, we should not forget that our share in the war is not only represented by the ten billion dollars advanced by our Treasury.

FRENCH AMERICAN BANKING CORPORATION

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STATEMENT OF CONDITION DECEMBER 31, 1921

RESOURCES		LIABILITIES	
Cash on hand and in Banks.....	\$483,493.33	Capital.....	\$2,000,000.00
Due from Foreign Banks.....	3,265,217.12	Surplus.....	600,000.00
Current Accounts.....	786,037.48	Undivided Profits.....	245,788.19
Bonds.....	16,909.72	Certified Checks.....	17,689.68
Demand Loans.....	200,000.00	Current Accounts.....	4,995,418.34
Time Loans.....	756,700.00	Customers' Loans.....	200,000.00
Bankers' Acceptances.....	3,990,558.77	Acceptances.....	2,562,862.87
Bills Purchased.....	137,135.94	Letters of Credit and Foreign Ac- ceptances.....	870,813.00
Furniture and Fixtures.....	5,230.85	Liability under Foreign Exchange Contracts.....	17,524,405.98
Accrued Interest, Commissions and other Items Receivable.....	28,009.41	Special Guarantee Account Dol- lar Exchange.....	750,000.00
Customers' Liability under Ac- ceptances and Letters of Credit.....	3,253,675.87	Balance Foreign Exchange sold, at current rates.....	3,081,490.74
Purchasers' Liability under For- eign Exchange Contracts.....	20,043,958.14	Reserved for Taxes, etc.....	59,345.08
		Unearned Discount, Commissions, etc.....	44,484.78
		Other Liabilities.....	14,627.97
Total.....	\$32,966,926.63	Total.....	\$32,966,926.63

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A Foreign Trade Department organized on the lines of practical merchant banking is maintained at the service of manufacturers, importers and exporters.

"To say that our debt is unjust is almost tantamount to saying: 'The Allies gave their blood; America can well afford to forget her dollars.' When we pegged the franc and the pound sterling, we were not precisely mindful of our dollars. Tremendous sums of money were spent in France and in England by the A. E. F. If we had not pegged the franc and the pound, we would probably have gotten much more for our dollars. The sums we advanced, it is true, enabled our Allies to feed and clothe their soldiers; but, on the other side, did we not pay for everything our army bought overseas? I hope you will understand that I am not oblivious to the admiration and gratitude we owe to our Allies, but I feel that it is my duty to explain to you why I cannot regard our debt as unjust.

"But now arises the question: Shall we or shall we not cancel the debt? I believe that the moment is ill-chosen to bring the question in so uncompromising a manner before our people. Economically speaking, we are at pres-

ent a very much harassed people; the burden of the taxes, the difficulties and hardships brought upon us by deflation make it very hard for the people at large to examine so important a question in the right spirit. Therefore, I propose that we should take a leaf out of Secretary Hughes' book, and declare a holiday of ten years, during which the debt would be considered as non-existent.

After the ten years have elapsed, the question of the cancellation should be taken up again. I believe that these ten years of an absolute suspension of the effects of the debt would create an atmosphere of judicious aloofness. We should then be in a much better position and also in a much better mood to approach so vast a proposition. Besides, let it not be forgotten that the nations have not as yet found their bearings.

"They are still uncertain as to which roads, political or economic, they should follow; there is still much to be done and much to be undone. The actual burden of the debt should be re-



Chief banking room of the Disconto-Gesellschaft, head office at Berlin

moved during these difficult years, and we should say to our debtors: 'You must have but one thought in mind; that is to put your own house in order, and you shall not during the next ten years be hampered in your efforts by the demands of your creditors.'

"After all, it will be granted that in 1931 things may look pretty different from what they are now. Our debtors are hardy people who have weathered more than one storm, and ten years should witness great changes for the better in their affairs. But the point is not so much to wait ten years in the hope that then our allies may be in a position to pay easily their debt; my proposition is not a veiled moratorium. I conceived it in the hope that, ten years hence, conditions both in this country and abroad will have prepared a better terrain for the discussion of the problem."



Great Britain

FOREIGN TRADE IN 1921

Preliminary net figures for British foreign trade during the year 1921 show an unfavorable trade balance of approximately £50,000,000, as compared with

a favorable trade balance of £165,000,000 for the year 1920, says the Department of Commerce at Washington. Visible trade figures for the year 1921 show an unfavorable balance of approximately £176,000,000, as compared with an unfavorable balance of £379,000,000 in the same items during 1920. This shows that British invisible exports during 1921 amounted to about one-half those of 1920.

The Board of Trade, in a carefully prepared statement as regards British trade in invisible items during 1920, placed their total amount at £500,000,000. It appears this £500,000,000 derived during 1920 from shipping earnings, dividends and interests on foreign investments, insurance and commercial services and other items included in the invisible trade of Great Britain shrank to approximately £220,000,000 during 1920, leaving the above mentioned net unfavorable balance. The invisible exports of Great Britain during 1913 may be approximated at one-third of a billion.

A marked decline was shown in every branch of British foreign trade during the month of December, as compared with November. The total foreign trade of Great Britain during the year

1921 was 55 per cent. in value of the total trade for the year 1920.

Reports of the Ministry of Labor show that up to the end of November 6,973,000 workers suffered reductions amounting to a weekly lopping off of approximately £5,563,000 and 117,600 had received increases amounting approximately to £20,000 weekly. The trades most affected were mining, engineering and shipbuilding, textiles, iron and steel, transport and building, the decreases in the weekly wages of which amounted to £2,500,000, £652,000, £594,800, £431,700, £383,000 and £303,900, respectively. The number of workpeople affected by these reductions in each of these trades were, in the order as given above, 1,291,000, 1,359,000, 1,004,000, 239,000, 906,000 and 445,000, respectively.

France

BUSINESS AND INDUSTRY

Business and industrial conditions in France are marked by general quietness pending further developments in the political situation, says Commercial Attaché Huntington at Paris, in a cable to the Department of Commerce at Washington. Tax returns for December showed an improvement over previous months, but totals for the year, as a result of the business depression, were disappointing. The Bourse is quiet, a large part of available funds being absorbed by the new loan of the Credit National. Foreign trade totals made notable gains during December, and metallurgical production showed a favorable increase.

The Credit National, which was created in 1919 as a loan bank for war damage sufferers, issued its fourth loan on February 1. The issue was in the form of ten-year bonds with a nominal value of 500 francs, bearing interest at 6 per cent. not payable in advance, tax to be paid by bank, placed on the market at 482 francs, including interest. Up to the end of 1921 the Credit National had issued three loans, totaling eleven billion francs, and had paid out 9,400,000,000 francs.

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We handle drafts drawn against shipments in foreign countries, buy and sell exchange, issue travelers' letters of credit and checks and commercial letters of credit and obtain accurate information on trade conditions, market possibilities, shipping requirements, tariffs and other data pertaining to foreign commerce.

At the annual meeting of the Bank of France a generally favorable report was submitted, containing the following points of special interest: During the year, 351,000,000 francs of extended notes were liquidated; National Defense Bonds to the value of 30,000,000 francs were sold through the bank; dividends of 270 francs per share were declared. The note issue of the Bank of France rose to a total of 37,422,000,000 francs on January 5, but has since fallen to a total of 36,786,000,000 francs on January 19. The percentage of metallic reserves held against note issues and deposits was maintained at 14.8 during the past two months.

Foreign trade made relatively large gains in December, imports increasing 33 per cent. and exports 20 per cent. over November. Provisional figures for 1921 show exports totaling sixteen million tons, valued at 21,500,000,000

Banque Nationale Francaise Du Commerce Extérieur

Societe Anonyme

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The bank was organized in 1919 to perform in France all operations connected with foreign trade; in foreign countries and in the French Colonies and Protectorates all usual banking transactions, especially those connected with Exports and Imports.

francs, and imports of thirty-eight million tons, valued at 23,500,000,000 francs. The increase in imports during December consisted chiefly of raw materials. The following table shows provisional foreign trade figures by principal groups for the month of December:

	(Millions of francs)	
	Imports	Exports
Foodstuffs	754	260
Raw materials	1,856	550
Manufactured articles...	453	1,193
Parcels post .....	.....	180
Total	3,063	2,183

Italy

FINANCIAL CONDITIONS IMPROVING

National finances are slowly assuming a more favorable aspect, according to a cable to the Department of Commerce at Washington from Commercial Attaché MacLean at Rome, as a result of rigid retrenchment in government expenditures. A notable improvement is shown in the government revenues for the fiscal year 1921-22, and in the steady increase of deposits in the Italian savings banks. A certain tension exists in financial circles following the suspension of payment by the Banca di Sconto. Various schemes for the reconstruction of the bank are under consideration. The outlook is considered auspicious for the development of trade in Eastern Europe. A project for diverting a large number of watt hours daily from Switzerland to Italy is under way, and it is expected that manufacturers

who have been prevented from maintaining their normal measure of activity owing to a shortage of electrical power will soon be able to resume operations. Industrial production in many regions is almost at a standstill, and unemployment is increasing. German competition has greatly lessened in the Italian market.

The government revenue receipts for December amounted to 1,459,000,000 lire in comparison with 1,228,000,000 lire for December, 1920.

Germany

RIISING PRODUCTION COSTS

Rising German production costs will soon push the export prices of many commodities to the world level, according to information just received by cable by the Department of Commerce at Washington from Commercial Attaché Herring in Berlin.

Probably the most striking feature of the German manufacturers' problem at the present time is the marked advance in wages which has taken place since the middle of 1921, coupled with many indications that the limit of the increases has not yet been reached. The wage index of the Frankfurter-Zeitung shows the following percentages of wage advances from July, 1921, to January 1, 1922:

	Per cent.
Chemical industry	46
Metallurgical industry	78
Shoe and leather industry.....	50
Woodworking	60
Building	85
Foodstuffs industry	67

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Foreign Exchange

Letters of Credit

Cable Transfers

Further wage demands will doubtless soon have to be met on account of various increases in the cost of living, such as the rise in bread prices after February 16, modifications in the maximum rent regulations and the general advance in public utility rates made necessary by the deficit in the operation of these undertakings.

The declining domestic purchasing power of the mark is bringing about a necessity for greater incomes for all classes. A study of the average monthly exchange rate and certain indexes of the Frankfurter-Zeitung and the Bureau of Labor show that the internal purchasing power of the mark was represented by 5.35 in January, 1920, and 1.76 in October, 1921.

A very definite influence on production costs will be exercised by the advance in freight rates on February 1, 1922, averaging 33 1-3 per cent., the proposed doubling of the coal tax (to 40 per cent.), as well as the additional normal taxation necessary to meet,

even partially, the heavy deficits in both the ordinary and extraordinary budgets. Likewise, if a forced loan, which has just been agreed to, is collected to any extent, existing reserves will be diminished and an increase in industrial profits necessitated, which will inevitably influence the prices.

Scandinavia

CONDITIONS IN SWEDEN

While the general situation in Swedish financial and industrial circles is characterized in reports to the Department of Commerce at Washington very largely by the same depression and inaction which prevails in the other Scandinavian countries, there seems at present to exist an undercurrent of feeling that the corner has been turned. A steadily improving trade balance, rapidly falling prices, currency deflation, steady exchange market and improvement of the national financial situation

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Reserve Fund and Undivided Profits	6,138,190	(£1,227,638)

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are some of the signs which would seem to justify an optimistic view of the future.

The Swedish industrial depression is perhaps reflected most forcefully in the steadily increasing numbers of unemployed, which is conservatively estimated as reaching more than 150,000. Wage agreements affecting approximately 300,000 workers expired on January 1, 1922, and a conference called in the middle of the preceding month has, according to the latest reports, not as yet arrived at a settlement. Most of the important Swedish industries are working only half or part time.

Production in the principal Swedish industries continues very low. On February 15, 1921, twenty-two factories had closed down, on March 30 the number had increased to thirty, and on October 1 sixty-eight factories had discontinued production entirely. The engineering industry during this period reduced its output about 52 per cent. Shipbuilding and electrical industries also showed considerable falling off in production. In the textile and paper industries a certain recovery was noticeable during the closing month of 1921, due to slightly better demand. Steel and iron production remains low. Total exports of iron and steel of all kinds during the first ten months of last year have been more than 50 per cent. below the low export figures for the corresponding period of the year before, and equal to less than one-third of normal exports. Sales to home consumers are still very restricted due to reduced needs, as well as to importa-

tion of foreign iron and steel. On account of this situation many hearths and furnaces are not operating. Production of pig iron during the first ten months of 1921 amounted to only 274,000 tons, as against 376,700 tons in 1920; of bloom and ingots 187,870 tons as against 404,700 in 1920, and of rolled products 95,100 tons as against 256,100 tons during the corresponding period of 1920.

Czecho-Slovakia

ECONOMIC GAIN

The year 1921 promised a substantial step toward economic recovery, according to a report printed in the *New York Journal of Commerce* from Doctor Stangler, Commercial Attaché Czecho-Slovakian Legation. This was reached when the frontiers toward Hungary were made safe through the establishment of the "Little Entente," which was initiated by the Czecho-Slovak Minister of Foreign Affairs, Dr. Benes. A number of commercial treaties with the neighbors and other nations were concluded, including Germany, Austria, Jugo-Slavia, Bulgaria, Italy, Rumania, Poland, Switzerland, France and England.

Nevertheless, Czecho-Slovakia will have to work hard for many years in order to make good the war ravages and to come up to the economic progress achieved by many countries, but which the former Austria, in her own territories, had disregarded. All foreigners visiting the new republic, particu-

larly those from America, are convinced that the Czecho-Slovaks will succeed.

After a thorough investigation of the conditions in Central Europe, the delegation of the Chamber of Commerce of the United States stated that "with fertile fields and large and efficient industries, Czecho-Slovakia is easily one of the most promising States of Central Europe. The fourteen million people of this country are energetic, ambitious, intelligent and enterprising. They are showing commendable capacity for self-government."

The territories constituting now the Czecho-Slovak Republic were formerly the northern part of Austria-Hungary. In this republic, which was proclaimed independent in Philadelphia on October 18, 1918, revived the ancient Kingdom of Bohemia, Moravia and Silesia, joined by the Slovakia and Subcarpathian Russia. This country, lying in the very heart of Europe, has an area of about 54,000 square miles (about the size of Illinois), and a population of 13,600,000 inhabitants, of whom about 43 per cent. are employed in agricultural and about 30 per cent. in industrial pursuits. Approximately 32 per cent. of the whole country is covered by forests, and the annual production of timber amounts to 12,500,000 tons, most of which is exported to various European countries, partly as timber, partly manufactured into furniture and paper.

The river system of the republic is of the utmost importance for its foreign trade. A large part of the goods destined for the western countries and for the overseas trade is transported in barges to Hamburg by way of the Labe (Elbe) River, while the Danube offers a convenient means of transportation toward the Balkan States and the Black Sea.

Czecho-Slovakia is endowed with raw materials, coal and waterpower. Its industrial workers are well trained and its farmers progressive. Thus the 75 per cent. of the industrial capacity of the former Austro-Hungarian Empire now situated in Czecho-Slovak territories have sufficient means of existence in the new State. Immediately after the war Czecho-Slovakia suffered from



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a shortage of foodstuffs and was almost entirely dependent on their importation. But normally the country is self-supporting. In view of the splendid 1921 crop it is anticipated that in 1922 the requirements of breadstuffs will largely be met by the yield of the home fields and that only about 80,000 tons of grain will be imported.

Poland

ECONOMIC RECOVERY

The past year marked a turning point in the history of restored Poland, according to a statement given out in the *New York Journal of Commerce* by Hipolit Gliwic, commercial counselor, Legation of Poland. It proved to all skeptics that the new State will not only continue to exist, but that it will also flourish.

Poland was called to independent

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life after very hard trials. Normal development was impossible in any of the three parts for more than a century. Then came the great war. The parts formerly under Russia and Austria were laid waste by the many battles fought there. The ensuing occupation was no better. It can really be said that the German occupation not only arrested industrial progress but it actually ruined the most industrialized part of the country, and Russian occupation did the same in Eastern Galicia.

At the very time of its recognition Poland still had no frontiers, but fronts. Organization had just begun when a new misfortune visited the country—the Bolshevik invasion. It was through almost superhuman efforts that Poland succeeded in driving the invaders out alone, with no real assistance from without, thus for the third time in world's history saving western civilization from certain destruction. The past year marked the end of the Bolshevik invasion, and peace with Russia was signed on March 8.

Economically Poland has shown in the past year a great deal of vitality and tenacity, both in agriculture and in her industries.

In 1921 the crops were sufficient to feed the country, representing for the principal grains 7,537,000 metric tons, as against 5,530,000 tons in 1920 and 6,137,000 tons in 1919. The rye crop was 50 per cent. better than in 1920, wheat 40 per cent., barley 20 per cent.

The production of hard coal in the first nine months of 1921 amounted to 5,483,446 tons, as against 4,821,634 tons for the same period of 1920, or 82 per cent. of the pre-war production; the production of lignite was 187,806 tons for the same period, as against 183,025 tons in 1920, and exceeded the production of 1913 by 32 per cent. The production of petroleum in the first half of 1921 reached 338,544 tons, as against 765,004 for the entire year of 1920, and represents 67 per cent. of that of 1918.

The exploitation of natural gas, which was actually commenced only

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since the Polish regime, is progressing steadily and satisfactorily, for while only 200,000,000 cubic meters were produced in 1913 the production of 1920 reached 420,000,000 cubic meters. In the production of salt Poland is one of the richest countries, the present production exceeding that before the war by 32 per cent., the production of 1920 amounting to 245,604 tons, as against 187,013 tons in 1913.

The most important Polish manufacturing industry is the textile industry, the principal center of which for cotton is Lodz and for wool the Lodz district, Bielsk and Bialystok. During the German occupation the cotton industry was reduced to zero. In fact, this can be said of all other manufacturing industries. In 1919-20 cotton mills operated 30 per cent. of their pre-war capacity and in 1921, 40 per cent.

This industry is still in very trying circumstances in view of difficulties in obtaining American cotton in the face of the present low exchange. Before

the war the consumption of cotton amounted to nearly 400,000 bales. The woolen industry, however, is reviving somewhat, partly due to the fact that Poland succeeded in obtaining supplies of wool from the British war stocks on credits extended by the British Government amounting to £1,500,000.

Australia

FINANCIAL POSITION AND FUTURE PROSPECTS

In an address before the Sydney Press Club and Australian Journalists' Association, Sir Denison Miller, Governor of the Commonwealth Bank of Australia, said in part:

"We have had the War, and we have passed through two years of the aftermath of war, and what of the future? I would quote a few figures to show the position of the people of the Commonwealth of Australia today. The people have invested in:

In Even Remote Markets of South Africa



WITH branches and sub-branches in the principal towns in the Union of South Africa, South West Protectorate, Rhodesia, Nyasaland, Portuguese East Africa, Kenya Colony and Tanganyika Territory, this institution brings even the most remote markets of Southern Africa directly in contact with New York and the European cities. Hence the National Bank of South Africa forms a connecting link of special importance in transacting all forms of banking, extending or conducting business affairs or obtaining authoritative trade or credit information.

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NATIONAL BANK of SOUTH AFRICA LTD.

New York Agency, 44 Beaver Street

Paid up Capital and Reserves Exceed \$21,000,000

BOMBAY

LONDON

ANTWERP

Security	Amount of Principal	Interest
Commonwealth Loans.		
30/9/21	£270,000,000	£13,600,000
State loans, 30/6/20.....	163,000,000	7,000,000
Fixed deposits general		
banks, Sept., 1921.....	155,000,000	Say 6,000,000
Savings bank deposits,		
30/6/21, 3,256,319		
depositors	153,000,000	Say 5,500,000
	£741,000,000	£32,100,000

"In addition to this, the balances at the credit of current accounts in the trading banks amount to £127,789,311.

"Over 1,000,000 people own and live in their own homes.

"There are 1,500,000 industrial and ordinary life insurance policies for £185,000,000 in force in Australia.

Over 500,000 belong to Friendly and other benefit societies, and, of course, there are large numbers who draw dividends from banking, shipping, fire insurance, mining, general trading and other dividend-paying companies, and others who have invested in bonds or stock of municipalities and various public utilities.

"We have one of the finest countries in the world, with illimitable resources, and millions of acres of Crown lands suitable in every way for settlement and development. The climate, mostly bright sunshine, where you can work almost every day in the year.

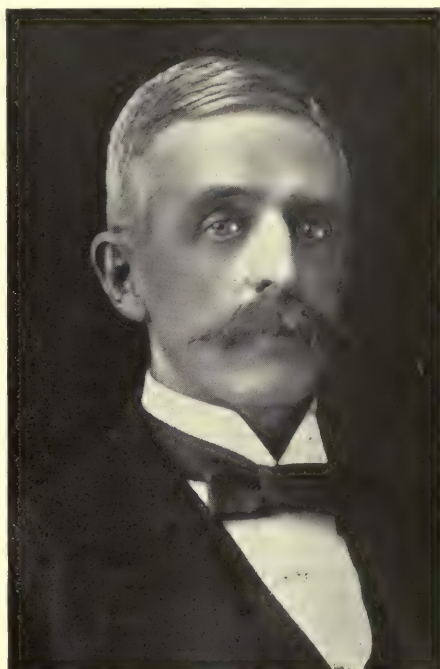
"Rainfall in enough of the country to grow crops, sheep and cattle sufficient to supply many millions of people.

"Soil as productive as one could wish, and practically every metal that is used today. Of coal alone there is enough in the northern districts of New South Wales to last, at the present rate of output, for 10,500 years; while there are unbounded supplies of copper, silver, lead, etc., waiting to be mined.

"But what are we doing with this great heritage? We want more people, more of the breed that is in Australia today—British. We are 98½ per cent. British now. May we be the same when we have twenty millions of people here. Australia could carry 100,000,000. It is said, if America had the country she would soon show what to do with it. I believe she would; but why should we wait for others to show us what to do? It is up to the citizens of Australia

to take a hand now and show what we can do with this wonderful country.

"Within the last six months I have been over the greater part of Australia—Queensland, Western Australia, South Australia, Victoria, New South Wales and Tasmania, and I found great activity in the country everywhere. Shearing in full swing, crops being gathered, orchards being tended, and



SIR DENISON MILLER

Governor Commonwealth Bank of Australia

everywhere the cry was for more labor to assist.

"The Commonwealth Bank is bound up with Australia, and as governor of the bank, I am looking to the future, and hope to see the progress and prosperity that this country is worthy of, and during the next five years two very important matters should be taken in hand, the first being the unification of our railways. A special commission of the two most competent experts from abroad to be found, with a local gentleman of high standing, reported fully on the unification of railway gauge—a sub-

BANK OF ROUMANIA, LIMITED

(Founded 1866)

(Registered in London on 17th April, 1903, under the Companies Acts, 1862-1900)

Head Office: 17, TOKENHOUSE YARD, LOTHBURY, LONDON, E. C. 2.

Branch: 11, CALEA, VICTORIEI, BUCAREST.

Directors:

E. W. H. BARRY, Esq.

C. DE CERJAT, Esq.

THE VISCOUNT GOSCHEN

GENERAL THE HON. SIR H. A. LAWRENCE, K. C. B.

LIEUT.-COL. SIR ALBERT STERN, K. B. E. C. M. G.

Bankers: BANK OF ENGLAND. MESSRS. GLYN, MILLS, CURRIE & CO.

A general Banking business with Roumania is conducted, and correspondence from those having interests in that country is invited.

ject that has been before the public for years—and admitted to be an absolute necessity. For about £22,000,000 spread over five or six years, the linking up of the capitals with a uniform gauge could be accomplished. This would mean an expenditure of, say, £4,000,000 a year, and if the Commonwealth and State Governments combined to carry out the scheme, I anticipate no difficulty in borrowing the money from our own people in Australia. and the interest to be paid on the money borrowed would, therefore, be paid to ourselves, while the general trader and traveler, and the whole community, would reap many benefits—both monetary and otherwise—which would largely compensate for the cost of the work. The carrying out of this work should easily absorb all the genuine unemployed.

Immigration on a large scale must be vigorously pushed forward, and Sir Joseph Carruthers' scheme of getting a million farmers for a million farms in Australia is a start, and appeals strongly, as it means, I take it, a million more producers of wealth from the soil, and with their wives and families, an addition to our population in the country districts of probably 3,000,000 or 4,000,000. These people have to be prepared for, land got ready for occupation, water conservation provided, railways and bridges made to the lands. They could be employed to do most of this themselves, so that the organization to carry the whole scheme out must be carefully planned. The Prime Minis-

ter, Mr. Hughes, who recognizes the necessity for peopling the country, has submitted plans on these lines to the Premiers of all the states, and it is to be hoped that there will be a speedy acceptance and coöperation. The cry in some quarters is that we have our own unemployed to provide for. Well, we will always have a certain number whatever happens, but they should not interfere with the immigration schemes which are to get people to go on the land. As regards the funds required for such a scheme, I am of opinion it should suit Great Britain to share in some way in the cost, as it would be relieving them of a large number of people—the sort we want, and for whom they now have difficulty in finding employment. With the combined action of the Commonwealth and State Governments supporting the movement, I see no difficulties at present in borrowing overseas the necessary monies at current rates of interest as may be required from time to time.

"The additional population would all help to share the burden of taxation. It must not be forgotten that a sinking fund is being provided which will extinguish all the war loans before fifty years, and the money borrowed to repatriate the soldiers is nearly all only lent to the soldiers, and it should all be repaid by them—principal and interest—within thirty-seven years.

"From a careful study of the position, I think the people of Australia have probably incomes from investments and savings that they do not require for

The Yokohama Specie Bank, Ltd.

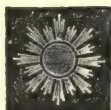
[Yokohama Shokin Ginko]

HEAD OFFICE, YOKOHAMA, JAPAN

Capital Subscribed .

Capital paid up . . .

Reserve Fund



(\$0.50=1 Yen) . . Yen 100,000,000

. . Yen 100,000,000

. . Yen 57,000,000

Branches and Agencies

Batavia	Dairen	Hongkong	Lyons	Osaka	Shanghai	Tientsin
Bombay	Fengtien	Honolulu	Manila	Peking	Shimonoseki	Tokyo
Buenos Aires	Hamburg	Kai-Yuan	Nagasaki	Rangoon	Singapore	Tsinan
Calcutta	Hankow	Kobe	Nagoya	Rio de Janeiro	Soerabaya	Tsingtau
Changechun	Harbin	London	Newchwang	Saigon	Sydney	Vladivostok

Agencies in United States

New York

San Francisco

Los Angeles

Seattle

This bank is in a position to render direct banking service through its branches and agencies in connection with commerce between the countries of the Orient and the United States.

Complete facilities for all kinds of banking transactions in the Far East, including the purchase, sale and collection of bills, issuing of drafts and letters of credit negotiable in all parts of the world.

NEW YORK OFFICE

- -

120 BROADWAY

living and other expenses, of, say, £15,000,000 per annum, which is available for re-investment, and although large sums are required to assist industrial undertakings and to provide development of estates and businesses, a fair proportion of the money could surely be forthcoming for either of the two schemes outlined. I am a strong advocate for thrift and economy. Save all we can by thrift; economize all we can by cutting out wasteful and unnecessary expenditure, both public and private; but necessary public expenditure, vital to the welfare of Australia, should be undertaken, and, as I said before, I do not contemplate any great difficulties in financing same.

"The map of Australia badly needs repainting, and the blotches indicating sandy deserts should be blotted out, as I believe the greater portion of them are not sandy deserts at all.

"Take the great Nullabor Plain, 64,000,000 acres, with salt bush and blue bush from end to end, splendid fodder for stock. The Trans-Continental Rail-

way travels straight through the center of it, and passengers noticed many eagles, hawks, turkeys and other animal life. Mr. Le Souef, the curator of our zoo, recently spent a considerable time on the plain specially studying the animal and bird life, and he estimates there are 500,000,000 of native animals and birds being supported there now. Sir Sidney Kidman, the cattle king, has taken up some of the finest cattle country in the world, well watered, good grasses, in the northwest of Western Australia, his only difficulty being to get the stock to market. A friend of mine has 9000 square miles in the center of the northern territory, and has cut the land up into seven stations. Within this large holding is a lake of fresh water 150 miles in circumference. He can sit in his homestead, mark on the map of his property where to put down a bore, and he can get water anywhere.

In the corners of New South Wales, Victoria and South Australia, which are adjacent to each other, are 15,000,000 acres of land suitable for wheat and

Ernesto Tornquist & Co.

Limited

Buenos Aires

Oldest and Largest Financial House in South America

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Fully paid up Capital, Reserves and Surplus

\$14,937,988.98 Argentine Gold

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We Specialize in the Investment of Foreign Capital in State, Mortgage, Industrial and Public Utility Bonds and Shares

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We Handle Foreign Exchange and Give Prompt and Careful Attention to the Collection of Drafts

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CORRESPONDENCE IN ALL LANGUAGES INVITED

intense cultivation on similar lines to the Mildura Settlement.

"In Queensland, they have 2,500,000 acres in the Burnett country suitable for agricultural settlement.

"In Western Australia their great wheat belt has 20,000,000 acres of land with suitable soil and sufficient rainfall within twelve miles of railways, and only 1,850,000 acres are at present under cultivation. And there are many millions of acres more throughout Australia just as suitable for settlement and development.

"During the war, Australia found £195,000,000, which was practically blown away in smoke at the other side of the world; 327,239 of our men went overseas and fought, some of them for years, while 59,130 made the supreme sacrifice, and will never return.

"What are we going to do now that the world is so satisfactorily settling down to peace?

"Are we going to dawdle along and shirk our responsibilities, listen to a few

pessimists, critics and extremists, who are always ready to cavil at anything that is proposed for the welfare of the people and country, or are we going to do our duty, and be up and doing, and show the world that we are capable and worthy to hold for the British Empire this wonderful country now and for all time?

"The press of America whole-heartedly support national movements which are for the progress and welfare of their country, and I would ask you gentlemen of the press to wield your great powers in Australia to help educate the people to the necessity of a forward movement for the greater development of Australia.

"It would be something worth doing to have completed within the next five years the unification of our main railway gauges, and to have the immigration scheme in full swing, with a constant stream of healthy British men and women going on the land, Australia would never look back."

DISCONTO - GESELLSCHAFT

Established 1851

Capital and Reserves

M 650,000,000



BERLIN

Numerous Branches in Germany

Correspondents
Throughout the World

Established 1856

NORDDEUTSCHE BANK IN HAMBURG

Hamburg — Altona — Harburg

Capital and Reserves, M 83,000,000

Established 1848

A. SCHAAFFHAUSEN' SCHER BANKVEREIN A.-G.

HEAD OFFICE COLOGNE.—Numerous Branches in Rhineland and Westphalia

Capital and Reserves, M 130,000,000

BRASILIANISCHE BANK FÜR DEUTSCHLAND

Hamburg — Rio de Janeiro — Sao Paulo — Santos — Porto Alegre — Bahia

BANK FÜR CHILE UND DEUTSCHLAND

Hamburg — Valparaiso — Santiago — Concepcion — Temuco — Valdivia

Austria

WATER-POWER EXPLOITATION

Ever since 1918 stress has been laid on the fact that the exploitation of the water-power is a vital necessity for Austria, restricted as her frontiers now are, and that this action is, before any other, worthy of the attention of foreign capitalists.

The most important work in connection with the Austrian water-power must be centered in Styria, says a recent letter of the Anglo-Austrian Bank of Vienna. The province of Styria, chief of all Austrian provinces, is favored not only by the richest natural products but also by the possession of a natural combination of the greatest and best water-power of the country. In Styria is situated the famous Erzberg of Eisenerz, a powerful, practically inexhaustible deposit of purest iron-ore. There are also magnesite-deposits which send their output over the whole world. The country is rich in

valuable old forests, and possesses the only lignite-deposits in Austria worth speaking of. On the basis of such natural treasure, industries have developed.

Water-power may be developed in Austria cheaper than in any other country, because the wages and prices of natural products furnished in the country itself are, when expressed in kronen very high, but represent in a good currency only a fraction of the sums which for a similar purpose would have to be expended in other countries. The four large firms in the electric industry (A. E. G. Union, Siemens-Schuckert, Company for Electrical Industry, Brown-Boveri) are well-known abroad through the export of their goods. There is also no lack of cement factories. What Austria needs for dealing with large tasks connected with water-power and what it must import from abroad, is mainly coal and copper.

Austria constantly makes worse the relation of her currency to that of the



Banking Service in the Far East

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CEYLON
Colombo

CHINA
Canton
Hankow
Hongkong
Peking
Shanghai
Tientsin

**FRENCH
INDO-CHINA**
Haiphong
Saigon

INDIA
Amritsar
Bombay
Calcutta
Cawnpore
Delhi
Karachi
Madras
Tavoy

JAPAN
Kobe
Yokohama

JAVA
Batavia
Sourabaya

SIAM
Bangkok
Puket

SUMATRA
Medan

PHILIPPINES
Cebu
Iloilo
Manila

MALAY STATES
Ipoh
Klang
Kuala Lumpur
Penang
Seremban
Singapore
Taiping

Chartered Bank of India Australia and China

Head Office
London

New York Agency, 44 Beaver Street
William Baxter, Agent

Capital and Reserve
Over \$30,000,000

countries from which she imports, by her urgent necessity for purchasing coal, petroleum and benzine abroad, and she is moreover obliged to pay the expensive freightage on foreign and Austrian railways. By paying for foreign coal, Austria is obliged to make a standard of life possible for foreign workmen, to which her own workmen can never attain. If one considers in addition that coal-mining always involves much and expensive labor, while the working of water-power needs a very small personnel, the likelihood is great that an electric current will always in Austria be able to compete with foreign coal.

The financing of the Styrian water-power has been undertaken by a syndicate to which all large Vienna banks and the larger credit institutions of Styria belong. This syndicate intends financing the expenditure for the first years of the building period. Success will be assured if the necessary funds are provided not only in this country, but also abroad because for this con-

struction on a large scale certain materials (copper, coal), as has been pointed out, must be provided by importation from abroad. The financial scheme has therefore been carefully drawn up so as to offer special inducements not only to the Austrian capitalist, but also to the foreign capitalist.



International Banking Notes

The statement of condition of Barclays Bank, Limited, London, presented at the ordinary general meeting of shareholders on January 25, 1922, showed that after payment of all charges, full provision having been made for bad and doubtful debts, the net profits for the year ended December 31, 1921, amounted to the sum of £2,201,651 13s. 6d., to which has to be added the sum of £565,602 6s. 7d. brought forward on December 31, 1920, making a total of £2,767,254 0s. 1d., which has been appropriated as follows:



行 銀 商 華

The Chinese Merchants Bank, Ltd.

of HONGKONG

The First Chinese Bank in New York City

This bank is in position to render direct banking service through its branches and agencies in connection with commerce between China and the United States. Complete facilities for all kinds of banking transactions in China, including the purchase, sale and collection of bills, issuing of drafts and letters of credit.

Inquiries welcome from American Banks and Business houses regarding trade conditions in China or upon any subject that will tend to establish a close relationship between the trading powers of the United States and China through the medium of native Chinese.

New York Agency—Woolworth Bldg.

L. N. LAU, Agent

Head Office

Alexandra Bldg., Chater Road, Hongkong

Branches

in Canton, Saigon and Shanghai

Chartered under the Banking Laws of the British Crown Colony of Hongkong

To reduction of premises account and payment for buildings.....	£100,000	0	0
To reserve for widows' pensions....	100,000	0	0
To contingency account.....	600,000	0	0
To interim dividend, paid August 2, 1921, at rate of 10 per cent. per annum on the "A" shares of £4 each fully paid, and 14 per cent. per annum on the "B" and "C" shares of £1 each fully paid, less income tax.....	716,001	4	10
To final dividend at rate of 10 per cent. per annum on the "A" shares of £4 each fully paid, and 14 per cent. per annum on the "B" and "C" shares of £1 each fully paid, less income tax, payable 1st proximo.....	716,001	4	10
To be carried forward.....	535,251	10	5

◎

The one hundred and forty-second half-yearly report of the condition of the Bank of New South Wales, Sidney, Australia, at the half-yearly general meeting of the proprietors on November 29, 1921, showed that, on September 30, 1921, the net profits for the half-year, after deducting rebate on current bills, interest on deposits, paying income, land and other taxes, amounting to £94,488 2s. 4d. (making in all £247,916 15s. 7d. for the year), reducing valuation of bank premises, providing for bad and doubtful debts, and fluctuations in the value of investment securities, and including recoveries from debts

previously written off as bad, amount to £349,408 19s. 2d., to which is added undivided balance from last half-year, £126,098 10s. 0d., less an interim dividend at the rate of 10 per cent. per annum for the quarter ended June 30 last was paid on August 26, out of the half-year's profits, in terms of clause CV of deed of settlement, £124,584 10s. 0d., leaving a balance of £350,922 19s. 2d.

This has been dealt with as follows:

To payment of quarter's dividend to September 30, 1921, at rate of 10 per cent. per annum out of half-year's profits.....	£125,000	0	0
To augmentation of the reserve fund.....	75,000	0	0
Balance carried forward.....	150,922	19	2

During the half-year branches of the bank have been opened at Bowral (in N. S. W.) and Nambour (in Queensland); and the sub-branch at Warra (in Queensland) has been closed. Branches and agencies now number 359.

◎

The statement of condition of the London Joint City & Midland Bank submitted to the shareholders at the general ordinary meeting on January 27, 1922, showed that

The Bank of the Philippine Islands

MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

Capital fully paid-up .

Reserve Funds . . .



(\$0.50 = 1 Peso)

(Pesos) 6,750,000.00

" 5,972,500.00

WM. T. NOLTING . President

RAFAEL MORENO . Secretary

D. GARCIA Cashier

P. J. CAMPOS . Chief For. Dept.

(ESTABLISHED 1851)

Transacts general banking business. Buys and sells exchange on all the principal cities of the world

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Spain: Banco Hispano Americano

Hongkong: Netherland India Com'l Bank

San Francisco: Wells Fargo Nevada Nat'l Bank

New York: National City Bank, The Guaranty Trust Company and The Equitable Trust Co.

Paris: Comptoir Nat'l d'Escompte

Australia: Bank of New South Wales

Shanghai: Bank of Canton, Ltd.

Chicago: Continental & Commercial Nat'l Bank

Japan: Yokohama Specie Bank, Ltd., Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

after payment of all expenses, and providing for all bad and doubtful debts, the net profits for the year ended December 31, 1921, amounted to £2,454,083 17s. 9d., to which has to be added the balance of £741,618 16s. 0d. brought forward from last account, making together a total sum of £3,195,702 13s. 9d., which has been appropriated as follows:

To interim dividend for half-year ended June 30, 1921, at rate of 18 per cent. per annum less income tax, paid July 15, 1921.....	£684,215	11	11
To dividend for half-year ended December 31, 1921, at rate of 18 per cent. per annum less income tax, payable February 1, 1922	684,233	14	2
To reserve for future contingencies	750,000	0	0
To bank premises redemption fund	300,000	0	0
To be carried forward.....	777,253	7	8

©

The statement of condition of the National Provincial and Union Bank of England, Limited, London, presented at the meeting of the shareholders held on January 26, 1922, shows for the year ending December 31, 1921, that after making provision for all bad and doubtful debts, and rebate of discount on current bills, the profits, including £824,070 4s. 0d. brought forward,

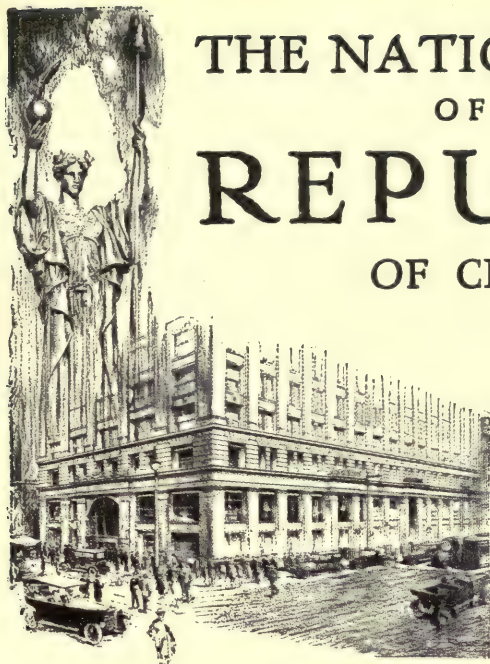
amount to £2,878,756 4s. 8d., which has been appropriated as follows:

To interim dividend of 8 per cent., subject to deduction of income tax (£223,425 19s. 8d.) paid in July last	£744,753	5	8
To further dividend of 8 per cent., subject to deduction of income tax (£223,425 19s. 8d.), making 16 per cent. for year, payable 27th instant	744,753	5	8
Transferred to bank premises account	100,000	0	0
Placed to contingencies.....	400,000	0	0
Balance carried forward.....	889,249	13	4

©

The statement of condition of the International Acceptance Bank, Incorporated, of New York City, for its first nine months of business ended December 31, 1921, shows undivided profits of \$82,000. The bank has total resources of \$31,572,782.12, a paid in capital of \$10,250,000, and in addition a subscribed surplus of \$5,000,000, which has not been called. The gross earnings of the bank for its first nine months were more than \$232,000.

Paul M. Warburg, chairman of the board, and F. Abbot Goodhue, president, in a statement issued after the stockholders' meeting, said, according to the *New York Times*:



THE NATIONAL BANK OF THE REPUBLIC OF CHICAGO

Is prepared to render
exceptional service
in exceptional times

CAPITAL AND
SURPLUS
\$3,000,000

"The basic principle of this bank that it will have no foreign branches, but instead work intimately through the leading foreign banks and bankers in Europe, who are substantial stockholders in the International Acceptance Bank, Inc., has proved to be thoroughly satisfactory and more than justified the hopes of its founders. These intimate foreign connections have been of the greatest value in establishing the bank's foreign relations and bringing it in touch rapidly with the important importers and exporters of Europe. At the same time, these connections have enabled the bank to secure credit and trade reports which have been of the greatest importance in this period of readjustment, and which it could not have secured in so satisfactory a manner by any other means.

"The executives pursuing a very definite policy, have been particular to have the commitments and risks of the institution diversified as much as possible. This applies to commodities as well as to countries and sections of the world. Certain limits have been fixed for each country with which the bank does business and also for each line of trade, so that today the bank has customers in sixteen countries and is financing the

import or export of over twenty different commodities."



Definite arrangements have been made to place the Diskonto and Revisions Bank of Copenhagen, Denmark, on a solid foundation and to insure its continued activity, according to a cablegram received by the Irving National Bank from A. E. Lindhjem, its representative in Scandinavia.

According to the cablegram, the Danish National Bank has agreed to subscribe for new shares to the amount of 14,000,000 kroner. The capital and reserve of the bank then will amount to 38,000,000 kroner. Three leading private banks also have agreed jointly to deposit 20,000,000 kroner without collateral security, repayable at the rate of 4,000,000 kroner a year.



The report of condition of the Manchester & Liverpool District Banking Company, Limited, of Manchester, England, at the meeting of shareholders on January 27, 1922, shows that after payment of all expenses and after making provision for bad and doubtful debts the net profit for the year ended December 31, 1921, with the added

London and River Plate Bank, Limited.

HEAD OFFICE: 7 PRINCES STREET, E. C. 2, LONDON

Agency: MANCHESTER, 86 Cross Street

Paris Branch: 9 Rue du Helder

Antwerp Branch: 22 Place de Meir

Lisbon Branch: 32 Rua Aurea

(\$5=£1.)

CAPITAL (Authorized)	-	-	-	-	-	\$20,000,000
SUBSCRIBED CAPITAL	-	-	-	-	-	15,000,000
PAID-UP CAPITAL	-	-	-	-	-	10,200,000
RESERVE FUND	-	-	-	-	-	10,500,000

DIRECTORS

E. ROSS DUFFIELD, Esq.
RICHARD FOSTER, Esq.
FOLLETT HOLT, Esq., M. Inst. C. E.
KENNETH MATHIESON, Esq.

J. W. BEAUMONT PEASE, Esq.
HERMAN B. SIM, Esq.
Sir RICHARD V. VASSAR-SMITH, Bart., D. L.
ROBERT A. THURBURN, Esq. (Managing)

BANKERS: BANK OF ENGLAND;

LLOYDS BANK, LTD.; LONDON COUNTY WESTMINSTER AND PARRS BANK, LTD.

BRANCHES IN SOUTH AMERICA

BRAZIL:—Para, Macelo, Pernambuco, Rio de Janeiro, Santos, Sao Paulo, Bahia, Curitiba, Pelotas, Porto Alegre, Rio Grande do Sul, Victoria, also an agency at Manaus.
URUGUAY:—Montevideo, Montevideo Sub-Agency, Paysandu, Salto and Rivera.
ARGENTINA:—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahia Blanca, Concordia, Tucuman, Cordoba, Parana. Also in Buenos Aires:—Barracas al Norte, Once, Boca, Calle Santa Fe 2122 and Calle B. de Irigoyen 1138. CHILE:—Valparaiso, Santiago, Antofagasta. UNITED STATES OF COLOMBIA:—Bogota. PARAGUAY:—Asuncion.

Correspondents in all other places of importance in these South American Countries
Documentary Bills Bought, Advanced Upon or Received for Collection. Drafts and Cable Transfers Sold on all Branches and Agencies. Commercial and Travelers Letters of Credit Issued.

New York Agency, 51 Wall Street, WM. R. ROBBINS, Agent

amount brought forward from last account, £264,152 4s. 2d., less bonus to staff, £119,421 2s. 8d., is £684,005 11s. 7d., which has been distributed as follows:

To interim dividend of 5s. 6d. a share, being at rate of 18 1/3 per cent. per annum, for half-year ended June 30, 1921, subject to deduction of income tax.....	£173,800	0	0
To dividend of 5s. 6d. a share, being at rate of 18 1/3 per cent. per annum, for half-year ended December 31, 1921, subject to deduction of income tax.....	173,800	0	0
To reserve fund.....	100,000	0	0
To be carried forward to next account (from which the 1922 bonus to staff will be deducted)	236,405	11	7

The reserve fund with the above addition will amount to £1,650,000.

The Norwegian American Chamber of Commerce in New York has been advised of the establishment at Shanghai of a new Scandinavian-Chinese bank, designed to meet the needs of Scandinavian and Chinese interests.

R. M. Bauer and Company, 25 Broad street, New York, representatives of the Anglo-Austrian Bank, Vienna, and all its

branches, and Hard & Co., G. m. b. H., Berlin, have opened a department dealing in foreign currencies under the management of Harry F. Rahr, formerly of the Irving National Bank of New York.

The net earnings of the Skandinaviska Kreditaktiebolaget for the year 1921 amount, after writing off on debts Kr. 19.711.202:39 and on shares Kr.844,133:10, to Kr.18.703.569:44 to which has to be added Kr.3.893.950:98 brought forward from 1920, making a total of Kr.22.597.520:42.

Having set apart for taxes Kr. 3.300.000, the board of directors recommended a dividend of Kr.25 per share (17.60 per cent.), last year: Kr.30 per share (21.13 per cent.): leaving a balance of Kr.3.947.520:42 to be carried forward to new account. On del credere account still remain Kr.15.000.000.

Brown Brothers & Co., New York, have received a cable from their correspondent, Den Danske Landmandsbank, Copenhagen, stating that this institution has just declared for 1921 a 10 per cent. dividend.



University in 1919, receiving the degree of A. B., and as soon as he had graduated he went back to China and spent some time in the head office of the bank. He saw the great possibilities of trade relations between his country and the United States and he considered the opening of this agency as indispensable.



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LO NAAM LAU

New York Agent Chinese Merchants Bank, Ltd.

At one time Mr. Lau was the acting director general of the Canton mint. Four of his cousins had a hand in establishing the Chinese Merchants Bank, Limited. E. M. Field is the manager of the foreign department of the New York agency and T. W. Chu is the assistant manager of this department.

It might be said in this connection

that the bank in China is modern in every sense of the word and it is conducted by men who were educated in the United States and in Europe. American banking methods are used by both the home bank and its branches in China and this country.

The Chinese Merchants Bank, Limited, of Hong Kong is capitalized for \$2,500,000 in gold and it was opened in 1918, and organized under the laws of the British Crown Colony of Hong Kong. The bank has three branches in China, namely, in Canton, Shanghai and Saigon.

The new agency in New York is operating under the laws of the New York Banking Department. There has been a great demand for a Chinese bank in this country for a long time, chiefly for the purpose of helping the exporters and importers of the United States, who have been doing and who want to do business with interests in China. The business conducted so far by our people with the merchants in China has been in a roundabout and unsatisfactory way, and there have been delays and inconveniences encountered by those who have business transactions to perform between the two countries. The purpose of the Chinese bank will now facilitate to a very great extent the trade relations between the United States and China. The bank finances commercial letter credits, collections, money cable transfers, selling and buying drafts and foreign exchange. From this it is obvious that the bank will be of great assistance not only to the Chinese merchants in our country, but also to others of our citizens who are interested in the export and import line with the Orient. China is a country known for its vast resources and it has vast supplies of materials needed in this country. China on the other hand needs American manufactured goods also and she is looking to the United States in preference to the European countries to supply her with what she wants.



Changes in Managing Personnel of National Bank of South Africa

TWO changes of importance recently occurred in the managing personnel of the National Bank of South Africa, Ltd. Announcement comes from the head office of the bank at Pretoria, Transvaal, that the Hon. Hugh Crawford, chairman of the board of directors, after many years of service, relinquished his seat January 1, and was succeeded by J. R. Leisk, C. M. G., who also combined with the chairmanship the office of managing director. It is felt that Mr. Leisk's wide knowledge of financial affairs in South Africa will be of great benefit to the bank.

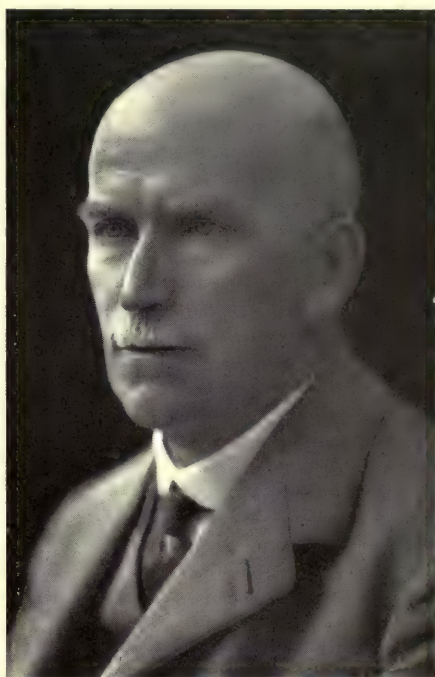
The other change was the retirement of E. C. Reynolds, managing director and general manager of the bank, who completed more than thirty years of service. The vacancy thus created was filled by the appointment of William Dunlop, deputy general manager. Mr. Dunlop has had many years' experience in banking in South Africa, and has the reputation of being a prudent and capable banker. It is felt that under his guidance the conservative policy which has been a feature of the bank will be continued.

The National Bank of South Africa was originally organized in 1891, under a concession from the South African Republic, their operations at that time being mainly confined to the Transvaal and the principal seaports. Subsequently the bank was amalgamated with the National Bank of the Orange Free State, which gave the bank a very strong hold in that territory.

A few years later a further amalgamation was effected with the Bank of Africa, which was established in 1879, and had an excellent business in the Cape Colony, Rhodesia and the Transvaal. Thus the National Bank of South Africa obtained a firm footing in the Cape Colony and Rhodesia. Operations were further extended by amalgamation with the Natal Bank Limited, established in 1854 in the Colony of Natal, where it conducted a very large business.

The National Bank of South Africa by these amalgamations obtained full

representation in all the provinces of the Union of South Africa, Rhodesia and East Africa. Branches were subsequently opened in German Southwest Territory and in East Africa. While the bank benefited considerably by



WILLIAM DUNLOP

General manager National Bank of South Africa

these amalgamations, its progress has not been entirely dependent on them. The position of the bank has steadily grown in strength and importance with the opening up and development of South and East Africa.

The National Bank of South Africa are bankers to the Union Government in the Transvaal, the Orange Free State and Natal, and to the Imperial Government. The authorized capital is £4,000,000, of which £2,965,000 has been subscribed and paid up, and a public reserve fund of £1,300,000. The bank has catered specially to the commercial business of the community. One of its features is the establishment of a savings bank department, which has met

with considerable success. Its head office is in Pretoria and its directors are prominent men in South African affairs. A London committee supervises the bank's business in Europe.

On December 31, 1909, the number of branches and sub-branches were sixty-six; capital and reserves, £1,150,000; deposits, £8,549,725; note circulation, £250,373; loans and discounts, £2,823,520. On March 31, 1921, the branches and sub-branches had increased to 476; capital and reserves, £4,265,000; deposits, £48,045,809; note circulation, £4,526,131; loans and discounts, £33,332,023.

South Africa, in common with all

other countries of the world, has felt the effects of the after-war conditions. It is, however, a young country with vast resources. Apart from the wonderful gold mines of the Witwatersrand and the diamond mines of Kimberley, the country is every year developing its exports of wool, mohair, grain, fruit, wattle bark, and, recently, cotton, tobacco and meat. Its recuperative powers have been demonstrated in the past, and it is felt that the territory will be one of the first to reap the benefits of a general revival in trade. Conditions are already improving and signs are not wanting that the progress will be well maintained.



First Annual Convention of the Bankers Association for Foreign Trade

THE Bankers' Association for Foreign Trade, with representatives from many of the leading banks of the inland states, held its first annual convention in Cleveland, February 9 and 10.

Significant resolutions passed by the delegates unanimously urged:

1. Development of the Great Lakes-St. Lawrence route for ocean-going vessels and the improvement of the Ohio-Mississippi and other inland waterways to make shipments more easy and less costly;

2. Early resumption of the issuance of through bills of lading to give inland industrial centers opportunity to compete with coastwise centers for foreign markets;

3. Participation of the United States in the Genoa economic conference, with the hope of developing a practical program for the restoration of sound economic conditions.

The convention opened February 9 with an address by the temporary president, W. E. Guerin, manager of the foreign department, the Guardian Savings and Trust Company of Cleveland. He centered attention upon the neces-

sity of restoring American foreign trade as an essential to bring about industrial activity in this country and urged definite steps, which were later included in the resolutions. Mr. Guerin said in part:

"We, as a creditor nation, having the second largest maritime fleet in the world, possessing more than our share of world gold, having greater wealth and resources than any other nation, must do our part in aiding to stabilize Europe. We must assume a leading role in the councils of the world.

"It has been well said that Europe must first help herself before receiving outside aid. That is true. We can do nothing now to help here, except to accept the invitation that has been extended us and to sit in friendly conference at Genoa with representatives of all European governments as the one big, disinterested brother and friend to give our advice and council. It is important that we do this. Let us tell our friends what we like to see them do, what we believe is essential for their own financial and economic recovery. We are not intermeddling where such advice is not desired. Let us say that we will be

willing to give our unstinted aid in helping them, as it later appears their action warrants. A cancellation at the present time of their indebtedness to us would do them no good, but would actually do harm. If, however, they will cease printing paper money, will re-establish gold redemptions, . . . tear down tariff barriers that practically prevent the flow of foreign commerce across their frontiers, will balance their budgets, impose suitable taxes, establish sinking funds, and do whatever else is necessary to assure financial, economic and political stability, we will consider a cancellation of their indebtedness to us and encourage the investment of American funds in rehabilitating their industries and business.

"England is the only nation, in my judgment, that can pay its indebtedness, and if she joins us in a program along the lines suggested and subsequently cancels the indebtedness due her from Europe, we should forgive that part of her debt which represents money received from us and by her loaned to her European allies. Such action . . . would not be prompted by any altruistic action, but rather from the sense that we were acting for our own self-preservation and advantage. Europe cannot recover without our aid and we are the only nation capable of extending the necessary relief. It is difficult under such circumstances to believe we will fail to respond to the present opportunity and obligation."

E. C. Plummer, commissioner of the United States Shipping Board Emergency Fleet Corporation, told the delegates that America must do as much to keep its merchant fleet upon the seas as the other maritime powers are doing, even to the point of stabilizing its ships against the competition of more cheaply built and manned vessels. He urged getting the merchant marine into action through government assistance.

J. L. Hibbard, president and general manager, the Cleveland Tractor Company, Limited, of Canada, pointed out ways whereby inland banks may be of service in aiding foreign trade.

At the luncheon on February 10 with H. C. Robinson, senior vice-president of

the Guardian Savings and Trust Company, presiding, Dr. Julius Klein, director of the Bureau of Foreign and Domestic Commerce, described foreign trade as "the fly wheel" of the American business machine and declared that



W. E. GUERIN

President Bankers Association for Foreign Trade,
Manager foreign department Guardian Savings
and Trust Company, Cleveland

foreign outlets represented indispensable "business stabilizers." He vigorously attacked the authors of what he termed "insidious propaganda, which, like sand deliberately put into bearings, is designed to slow down our export machine at the time of its greatest need."

Dr. Klein explained that certain interests in this country were endeavoring to minimize the necessity for greater exports, or, in fact, for any foreign trade at all. "These people," he pointed out, "evidently believe that the United States would prosper if it were surrounded by a Chinese wall. If they have their way, the carefully constructed American export machine, which is

now the envy of practically all our competitors, will be completely destroyed.

"While foreign trade at present forms only 10 or 20 per cent. of our total commercial activity, that percentage represented billions of dollars worth of business and the employment—or if lost—lack of employment of thousands of American citizens. In these days of narrowing profits, that margin, if carried with safety, is just the difference between solvency and bankruptcy—profit or loss."

H. G. P. Deane, vice-president and manager of the foreign department, the Merchants Loan and Trust Company, Chicago, also discussed the importance of foreign trade and urged the participation of this country in the Genoa economic conference.

D. C. Wills, chairman of the board of the Federal Reserve Bank of Cleveland, was toastmaster at the banquet. Dr. J. T. Holdsworth, vice-president, the Bank of Pittsburgh, N. A., declared that the coming economic conference in Genoa is "a council of desperation," and America, as Europe's chief creditor, should by all means participate. "Admitting the dangers and complications which may arise at such a gathering as the Genoa conference," he said, "the inevitable intrusion of such embarrassing questions as readjustment of reparations, settlement of interallied debts, representation of unrecognized soviet Russia and many others, it seems imperative that the United States take a most active part in its deliberations. The most selfish considerations would dictate such a course."

G. F. Towers, superintendent of foreign trade, the Royal Bank of Canada, spoke on the business relations of the United States and Canada.

Officers elected at the closing session are: President, W. E. Guerin, manager, foreign department, the Guardian Savings and Trust Company, Cleveland; vice-president, H. G. P. Deane, vice-president, the Merchants Loan and Trust Company, Chicago; vice-president, Dr. J. T. Holdsworth, vice-president, the Bank of Pittsburgh, N. A.; secretary, F. M. Horton, vice-president, the Central National Bank Savings and

Trust Company, Cleveland; treasurer, A. H. Seely, assistant treasurer, the Marine Trust Company, Buffalo. Members of the board of directors include: J. Z. Miller, III, vice-president, the Commerce Trust Company, Kansas City; A. L. Eaton, manager, foreign department, the Manufacturers and Traders National Bank, Buffalo; Walter Winter, manager, foreign department, the American State Bank of Detroit; F. J. Zurlinden, deputy governor, the Federal Reserve Bank of Cleveland; C. H. Turner, Jr., assistant secretary, the Mississippi Valley Trust Company, St. Louis; C. P. Clifford, vice-president, the First National Bank, Chicago; G. M. Mosler, president, Brighton Bank and Trust Company, Cincinnati.



J. G. GEDDES

Vice-president Union Trust Company of Cleveland

Mr. Geddes is also head of the foreign department of the bank. He sailed for Europe on February 7 on the "Aquitania" on an extensive business trip through England, France, Switzerland, Italy, Czechoslovakia, Austria, Germany, Holland and Belgium.

The purpose of Mr. Geddes' trip is to confer with European banks with which the Union Trust Company has already established connections, and especially to study conditions in Central Europe and establish new banking connections in Czechoslovakia and Germany.



Rotterdam office, Boomjes Street

Rotterdamsche Bankvereeniging

ANY foreigner whose thoughts turn to Holland immediately imagines a series of pictures of the most varied type according to the remoteness of the epoch he has in mind; flourishing agriculture and cattle-breeding, powerful fleets, rich colonies, substantial merchants, well stocked warehouses, religious and political freedom attained after a century of struggle and a past unspeakably rich in art. And if the foreigner in question is an American, he will certainly remember in how large a measure institutions in his own country have been influenced by the economic, religious and, above all, political life of this small nation with so great a past.

Shipping, commerce and agriculture did indeed for centuries form and still form Holland's principal spheres of activity, at any rate in part. For in the course of the last decades powerful industries have developed and won world-wide reputation—one need only call to mind the four special branches: Petroleum, margarine, textile-products and incandescent lamps, in respect of which

Dutch industry has made a name for itself. But commerce, too, has assumed a new aspect; it no longer chiefly consists of merchandise transactions; and as so rich and multifarious an economic organism cannot possibly subsist without money and credit, that branch of business which embodies these two forms of trade, viz., banking, has accordingly gathered fresh impetus during the last ten or twenty years. Moreover, the intermediary activity of every description which fell to neutral countries during and especially immediately after the war has contributed in no small degree to this result.

Banking, of course, is no new thing in Holland. The student of economics cannot fail to remember the famous Amsterdamsche Wisselbank, which for close upon two centuries was Europe's principal bank, and active banking business, even though frequently of a purely local character, has never ceased to exist in Holland. But just as after the many years of more or less apparent calm the general economic life of Holland has shown, since about the end of



The board room at Rotterdam

the last century, renewed vitality promoted by the growth of her colonies and her friendly relations with all countries both large and small. So hand in hand with this new wave of prosperity, furthering it and in its turn furthered by it, banking also has flourished.

BEGINNING OF THE ROTTERDAMSCH BANKVEREENIGING

The time from which this new tendency in the banking world of the Netherlands began to make its influence felt can be fixed pretty accurately. It was



Amsterdam office

coincident with the endeavors made to build up organizations which could handle international and domestic business in the style of the large foreign banks adequately. The first institution to see the necessity of going in this direction was the Rotterdamsche Bank, dating from 1863, when this institution merged with the Deposito-en Administratiebank, of 1900, a bank which had been particularly connected with American interests. Out of this merger came the Rotterdamsche Bankvereeniging (1911), which in 1913 by the absorption of a small private bank and the Labouchere, Oyens & Co.'s Bank at Amsterdam, also secured a firm footing in this the most important mercantile center of the Netherlands, having until then worked only in Rotterdam, the largest port of the Netherlands and Western Europe. The opening of an office in Amsterdam was soon followed by a branch in The Hague, where the Royal Residence and the Government offices are situated. The Rotterdamsche Bankvereeniging has ever since had branches and sub-branches only in these three places and their suburbs, while working in the provinces through the intermediary of its own daughter-institution, the Nationale Bankvereeniging, with head office at Utrecht and eighty-seven branches in all the more important towns and villages of the Netherlands.

THE NATIONALE BANKVEREENIGING

The Nationale Bankvereeniging, which is today working with a capital of Fl. 10,000,000 and reserves amounting to Fl. 3,750,000, resulted from the amalgamation in 1916 of a number of older provincial banks and bankers and has since then steadily increased the number of its offices. This extensive ramification enables the Rotterdamsche Bankvereeniging to render to its clients, whether in large cities or in the more remote parts of the country, all the services required of a modern and up-to-date bank, including the supplying of information, etc. This system also from an economic point of view, is not without importance. It makes it possible to transfer capital from rich dis-



W. WESTERMAN
President Rotterdamsche Bankvereeniging

tricts to those less so, to convey any temporary surplus of agricultural funds to industry and vice versa, and to provide for seasonal adjustments.

The soundness of this policy is shown by the following figures:

ROTTERDAMSCH E BANKVEREENIGING CAPITAL, RESERVES AND TOTAL ASSETS

(In 1000 guilders)			Total
	Capital	Reserves	Assets
1913.....	30,000	7,800	123,408
1918.....	50,000	17,000	374,228
1919.....	75,000	30,000	608,366
1920.....	75,000	35,000	645,115

DEPOSITS (INCLUDING CREDITORS IN CURRENT ACCOUNT)

(In 1000 guilders)	
1913.....	56,632
1918.....	266,474
1919.....	428,477
1920.....	458,643

As said before, the Rotterdamsche Bankvereeniging early perceived the importance of the Netherlands as intermediary in international economic ac-

tivities and accordingly placed itself at the service of these international relations, which it now cultivates in a very high degree. The development of these relations may also be illustrated by comparing the following figures:

LOANS (in 1000 guilders)			
	Netherlands	Foreign	Total
1913.....	35,561	7,343	42,904
1918.....	98,601	12,497	111,098
1919.....	184,524	30,189	214,713
1920.....	196,190	41,114	237,304

with those aforementioned relating to deposits and creditors in current account.

As these figures clearly show the



The Hague office

post-war period which called for the tactful intervention of neutrals between former enemy countries and led to a remarkable extension of the business sphere of the Rotterdamsche Bankvereeniging. The period of severe crisis through which the world is now passing will no doubt bring about a certain reduction of various accounts, a natural and therefore desirable phenomenon in view of present circumstances. It may be mentioned that to its utmost the Rotterdamsche Bankvereeniging, in so far as circumstances allowed, helped its clients through times of stress and difficulty, which should not be passed over in silence. It based its action on the point of view that to do so was not only in the interest of a bank conscious of its duties, but also in the general economic interest of the country.

The management of the Rotterdamsche Bankvereeniging is composed of W. Westerman, president; J. P. van Tienhoven, LL.D.; K. P. van der Man-

dele, LL.D.; D. Ornstein, B. van Haersma Buma, R. Egeler, LL.D.; Y. J. H. van der Meulen, LL.D.

Mr. Westerman is no stranger to readers of THE BANKERS MAGAZINE. We would refer them to the article contributed by him to this magazine, December, 1919, pp. 821 foll., in which number we also briefly retraced Mr. Westerman's career. His two oldest collaborators are Dr. van Tienhoven and Dr. van der Mandele, the former in Amsterdam, the latter in Rotterdam.



Ninth National Trade Convention

A FEW of the many vital subjects that will be discussed at the Ninth National Foreign Trade Convention, to be held in Philadelphia May 10, 11 and 12, have been announced.

The financing and expansion of foreign trade will be studied from every point of view by the leaders in commerce, industry and finance who will be at this convention. They will seek the solution of the problems of unemployment and the stagnation of business. One of the principal topics of the first day's meeting will be "A foreign loan policy that will enable our idle factories to get to work."

Other topics to be discussed are: "The merchant marine, an international problem," "Inland waterways as developers of traffic," "A practical method of putting our surplus gold to work in financing foreign trade," "The exporter's view of the present attitude of banks toward foreign trade," "The bank's view"—two subjects of group discussion—especially interesting.

"The effect of high taxation on the exchanges," "The factor of depreciated currency in competition," "Why we must have foreign trade," "Education for foreign trade," "Banking facilities for foreign trade," "Protection against exchange losses," and "Uniform commercial credit instruments."

Protest Against Proposed Amending of Legislation Relative to Taxation of National Bank Shares*

By Oliver J. Sands

[The following is taken from an address before the Banking and Currency Committee of the House of Representatives at Washington by Mr. Sands, who is chairman of the Special Committee on Taxation of National Banks. A. B. A., and president of the American National Bank of Richmond, Va.—THE EDITOR.]

THE history of Federal legislation as to state taxation of national bank shares has already been ably presented to this committee. It is, therefore, not my intention to repeat it in detail, but I wish to refer to it for the purpose of emphasizing the fact that there has been no change in the heart of man since the passage of Revised Statutes Section 5219; hence the necessity for protection by the Federal Government of its instrumentalities—the national banks, against unwise, if not hostile, discriminatory legislation by the states and their sub-divisions, is as necessary today as it has been at any former time.

During the fifty-eight years which R. S. section 5219 has been a part of our laws, some thirty-six cases, involving the taxation of national bank shares, have gone to our highest court; of these the banks have won ten and lost twenty-six. Not since 1887 until 1921 have the banks won a single case—a period longer perhaps than the congressional experience of most of the members of this committee. During all this time the

Supreme Court has held firmly to the meaning of this section. It has never wavered in holding that the law afforded a haven of refuge to the banks from unfriendly and hostile legislation by the states against them, and in favor of other competing interests; never once has it afforded the banks a means of escape from taxation which was just and fair; the testing each case being the exceedingly practical one, "Does the tax discriminate against national banks by favoring competing interests in whatever form they may exist?"

To the national banks this has seemed the essence of the spirit of fair play. They ask for nothing more; they are willing to accept nothing less. Section 5219 in its present form is remarkably elastic in its application; it can be made to fit perfectly into the tax system of any state. Of course, it fits into the general property tax systems of states like New York and Wisconsin, which have adopted the graded income tax in lieu of the property tax on intangibles. Simply impose the income tax at the graded rates on the net income of the bank, which is the net income of the shareholders as an entity; divide this tax by the number of shares and each shareholder bears his proportionate part of the tax. It fits perfectly the

*The proposed amendment, known as the McFadden Bill, to Section 5219, Revised Statutes of the United States, relative to the taxation of national bank shares.

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5219 of the Revised Statutes of the United States be, and the same is hereby, amended so as to read as follows:

"Sec. 5219. That the legislature of each state may provide for the taxation of the real property therein of any national banking association located therein in the same manner and at the same rate as other real property in the same taxing district is taxed for public purposes; and may also provide for the taxation of either the income of such association, or the shares of such association, subject to the restrictions that whichever of the above classes shall be chosen the rate or rates of tax imposed shall be not greater than the lowest uniform rate or graduated rates imposed in respect of such class on banks, banking associations, or trust companies doing a banking

business, incorporated by or under the laws of such state, other than savings banks or similar non-stock corporations organized for the mutual benefit of depositors; and if the shares of such association are taxed, the shares owned by non-residents of such state shall be taxed in the taxing district where such association is located and not elsewhere; and may also, if the state provides for the taxation of individual incomes, include as a part of taxable income the income from the shares of national banking associations: Provided, That the income from the shares of banks, banking associations, and trust companies doing a banking business, incorporated by or under the laws of such state, is also so included.

"Any tax upon shares of national banks heretofore paid, levied, or assessed, which is in accord with the provisions hereof, is hereby legalized, ratified and confirmed as of the date when imposed. Nothing herein shall be construed to exempt the real property of associations from either state, county, or municipal taxes, to the same extent, according to its value, as other real property is taxed."

classified tax system of states like Minnesota, Virginia and Pennsylvania—simply classify bank shares and tax them as you tax other competing forms of investment. This was literally everything decided by the Supreme Court in the Merchants Bank case. The precise point was decided in 1886 in the Boyer case from Pennsylvania. The tax commissioners, representing a few states, have industriously labored to make it appear to you that the decision in the Richmond case is acting as a block to progressive tax legislation. Be not deceived. The Pennsylvania case was decided thirty-five years ago. Pennsylvania has acted upon that decision in good faith ever since taxing bank shares at the rate of forty cents on the hundred dollars; the same as other competing investments in that state; and I have not heard of Pennsylvania being blocked in her progressive legislation, and not once in all the thirty-five years has she been in bankruptcy, or applied for a receivership.

The cardinal principle of the taxation of national banks was proclaimed by the Great Chief Justice in *McCulloch v. Maryland*; namely, that a national bank is a Federal instrumentality as much so as a post-office, a custom-house, or a military camp, and hence being a Federal instrumentality, it is not itself subject to state regulation or taxation; the shares of stock, however, are an entirely different matter. By the permissive legislation of section 5219 the states are allowed to tax this stock provided that the tax does not exceed the rate imposed on other competing investments. If the tax commissioners would thoroughly digest this principle, I believe we would come into closer accord. They talk of taxing the bank on its business, its earnings, etc. This is contrary to the principles of our Government. When the Congress throws down the bars and permits state taxation of post-offices, the custom-houses, the forts and other Government instrumentalities; on the basis of the amount of business they do, the national banks will not be at all reluctant to be taxed on the same basis. Until this is done, national banks themselves are, and of right ought to be,

entitled to the same relief from state taxation, and their shares should not be taxed higher than other competing forms of investment.

I maintain, due largely to the failure to grasp the principles above adverted to, and I believe that any gentleman here who has ever had to appear before a state or local legislative body in the interest of banks, will agree, that there is such a mass of misinformation, or lack of information, regarding banks, and national banks in particular, that even from the hands of some of our most respected legislators it is hard to get treatment that is always equitable and just.

This committee, with its expert knowledge of our banking laws, must know that even members of Congress have made attempts to amend our banking laws, which, at least, showed little knowledge of the fundamentals of banking and finance.

A unified system of banking in this country under Federal law, in our judgment, is just as essential to our banking and commercial stability today as it has ever been, and it is necessary for Congress to protect and preserve it. The Federal Government destroyed the old state system of banks of issue through its power to tax. The states can destroy our national banking system by granting liberal charters to state banks, and thereby establish a system with which the national banks, with their present restrictions, are unable to compete, and Congress can aid in this by failure to give national banks such reasonable powers as will enable them to meet this competition and by giving the state banks privileges under the Federal Reserve Act which national banks do not enjoy.

The argument that state and national banks should be treated alike by state taxing authorities looks innocent, but the power to tax is the power to destroy. Of course, the states have the power to destroy their own banks either by taxation or any other method, but we maintain that no state should be given the power to destroy a national bank, even though, in the exercise of that power, it destroys its own chartered

banks also, for state banking may be authorized in many ways, whether private banks, loan brokers or otherwise. Any state given the power to destroy national banks within its borders, provided it destroy its own banks, can find ways to circumvent the law. In fact, as soon as you give the state the power to destroy a national bank, on whatever terms, from that instant it ceases to be a national bank, a free agency of the Federal Government looking alone to its creator for support, but it becomes in effect already destroyed as a Federal institution, and becomes a state bank, looking to the state for the sparing of its life.

We contend that while the state banks have in many states enjoyed protection under the practical operation of section 5219 that state banks are the creatures of the state in which they do business, and they, under more liberal reserve laws, branch systems, unlimited existence, etc., are able to meet the tax demands of their states (or that states can put them in position where they can better meet those demands), while the national banks may be helpless unless this Congress continues the policy of protection, which was established sixty years ago. In addition, it will be necessary to broaden the power of national banks in order to preserve them.

To prove this contention, I only have to refer you to the large increase in state banking capital and resources, as compared with national banking capital and resources. Although national banks can be organized with a minimum capital of \$25,000, there are now only 8154 national banks, with capital and surplus of 2841 million dollars and deposits of 14,560 million dollars, while there are 22,658 state banks, with capital and surplus of 3518 million dollars and deposits of 23,500 million dollars.

In my judgment, this disparity will increase from now on at a greater rate unless the Federal Government comes to the relief of the national banking system. May I add by way of parenthesis that while it is for the good of this country that all eligible banking resources of the country be centered in

the reserve system, and while every effort has been used to get the state banks in, there are only 1595 state institutions in the system. It is not conceivable that this is the full number of the 22,658 state banks which are eligible. In my own city we have four trust companies, each with a capital and surplus exceeding one million dollars, competing with national banks, no one of which is a member of the Federal Reserve System.

The limitation of the powers of states to tax national banks must be on some other basis than that of capital invested in state banks. The ease with which banking capital can be reached, and for numerous other reasons, which apply to national and state banks alike, make banking capital a special temptation to the tax hunter. I believe we can not trust the taxation of national banking capital, in all the states, to the tender mercies of states and localities. Notwithstanding section 5219, and numerous decisions of the courts thereon, which decisions were certainly sufficient to be a warning to states, many of the states have gone ahead regardless and taxed national banks at high figures, trusting in the chance that banks would not go to the expense and trouble to take the matter to the Federal courts.

Now what do the national banks of this country pay in taxes? The comptroller's reports show that the net earnings of national banks for the year 1921 were \$372,013,000, and that the capital, surplus and undivided profits were \$2,841,000,000; that the taxes paid were \$87,398,000, or about 23 per cent. of the amount of net earnings, and about 3.7 per cent. upon their capital, surplus and undivided profits. The dividends paid shareholders were 5.56 per cent. of capital, surplus and profits. The percentage of taxes to net earnings ran as high as 29 per cent. in the Southern States, 27 per cent. in the Middle and Western States and 18 per cent. in the Eastern States, while in Pennsylvania total taxes were 12.8 per cent. and in New York about 20 per cent. Four hundred and seventy-eight (478) million dollars—about one-sixth of the capital, surplus and profits of national

banks—are invested in real estate, which, under section 5219, bears the same burden of tax as other real estate in the several states.

The tendency of the Government is to get more income to meet the demands of the people for roads, schools, etc., to find new sources of revenue is the chief business of the tax commissioner. Virginia is expending more than three times as much as was spent ten years ago. The tendency is to increase the tax income to almost the point of confiscation of wealth and of all corporate and invested capital which can be easily reached. The cities and towns bear the heaviest burdens, and banks are located in cities and towns. I believe that most of the states have respected the limitations placed by section 5219.

While we think section 5219 meets all present needs and should not be altered in any respect, for the reason that state laws can be made to conform by taxing income from all moneyed capital alike; yet if a change is decided upon, I urge you to leave section 5219 just as it is, so far as the share tax is con-

cerned, and add as an alternative an income provision limited, of course, to the tax paid by individuals upon income from other moneyed capital. Such a provision would meet the laws of some of the states, and other states having a low money and credits tax and no income tax laws, could enact laws to meet the situation.

A study of the comptroller's report will disclose the capital, surplus and undivided profits of national banks in the respective states, and by this you will see that national banking capital is not, in itself, a very large item, comparatively speaking, in many of our states; so while these adjustments are being made, the state banks may be at a slight disadvantage, but certainly Congress cannot be blamed if the states have not respected its enactments.

I repeat, that from a number of years' practical experience with state legislature and local taxing boards, that the provisions of H. R. 9579 will result in serious injury to the national banking system of this country.



Book Reviews

THE STOCK MARKET. By S. S. Huebner, Ph.D. New York: D. Appleton and Company.

Those who have savings, inheritance, or business profits to invest will find in this book full and reliable information on a subject much misunderstood and concerning which a positive knowledge has been somewhat difficult to secure. In it the facts are presented concerning the services of the stock market to the investor, together with its organization and operation, the factors determining the prices of securities, and the legal principles and usages governing the stock and bond market. The treatment is clear and non-technical. The information given will provide the reader with a working understanding of the

field of his investment activities. The practical value and interest of this authoritative description of the stock market, both to the business man and to the student, cannot be overestimated.



BUDGET MAKING. By Arthur E. Buck. New York: D. Appleton and Company.

This volume is written to meet the great need at the present time for a practical handbook on the forms and procedure of actual budget making in state, city and county governments. It presents a comprehensive discussion of the methods of budget making with illustrations drawn from state and city budget practices. It contains a set of

model estimate forms and exhibits of the essential statements of the budget document.

While this book is designed to be of assistance primarily to those engaged in the actual work of preparing budgets, that is, to executive and administrative officers, to budget staff agencies, and to members of legislative bodies, it should also be of interest to all tax-paying citizens and to teachers and students of government.



THE FOREMAN AND HIS JOB. By Charles R. Allen. New York: J. B. Lippincott Company.

During the past few years industrial managers throughout the country have come to realize the great importance of the foreman and his job. This has led to the development of foremen's conferences, in which foremen or minor executives are brought together under the direction of a "conference leader," for the discussion of matters affecting their work. The author has gathered from these conferences a vast amount of material comprising contributions and suggestions made by a large group of foremen. This material he has compiled and arranged in order that it may cover the entire field of operation and prove of value to foremen as a whole. The discussion deals in general with the problems that come into the field of any executive and cover many phases of his work. Such important features as the foreman in his relation to the plant, departmental and job analysis, the conditions of effective supervision, analysis of the human factor, etc., are dealt with in a thoroughly practical and comprehensive manner.



TRADING WITH ASIA. By Frank R. Eldridge, Jr. New York: D. Appleton and Company.

A practical estimate of the potentialities of the Asiatic markets for American traders. The book surveys

the economic and political conditions in Asia and describes in detail Asiatic products and resources. The author is an authority in intimate touch with the conditions described, and he has succeeded in presenting an invaluable picture of a market which, through racial differences, is perhaps the most difficult for the American business man to conquer. The volume is conveniently divided into geographic parts: Japan and China; the Philippines and the Dutch East Indies; British India and Ceylon; and Siam, Malaysia and French Indo-China. Each country is introduced by a brief sketch of its history under foreign intercourse and its government and political conditions. Tariffs, commercial treaties, commercial laws are next covered, and the agricultural, mining and manufacturing industries treated in detail. For each country the commercial methods and the market for American exports are analyzed. A concluding chapter summarizes the commercial possibilities of the Far East.



A B C OF STOCKS, BONDS AND MORTGAGES. By George M. Seward. Chicago: G. B. Williams Company.

This book presents in a concise and non-technical manner, detailed explanations of the three principal forms of investment securities, also the various terms and expressions used in connection with them. As almost every person has a limited understanding of the meaning and purpose of stocks, bonds and mortgages, from this book can be gained some practical knowledge. Every effort has been made to carefully analyze each of the three subjects, giving a sufficient number of examples and specimens to clearly set forth their purpose and meaning. The order of the subject has been purposely reversed, and mortgages, being perhaps the oldest and best known of investment securities, have been taken up first; this is followed by bonds and stocks in the order named.



The Good Old Days

GRANDFATHER says the "good old days" were better than the present, and that men and women then were stronger physically and on a higher intellectual plane.

Don't be alarmed. It's only human nature kidding us again. The only men who were ever justified in longing for the "good old days" were Adam and Noah.

Just as surely as one brick laid on another advances the construction of a skyscraper, Progress furthers the betterment of humanity year after year. Because we Americans are not playing scalp tag with wild Indians, feasting on corn-bread and bear meat, sporting homespun clothing and dancing the minuet is no reason why even Grandfather should carry his face in a sling and pine for the "good old days."

Do you suppose the clerks who went from New York offices to clear the Argonne Forest were less substantial than Ethan Allen's Green Mountain Boys?

Is the western farmer degenerating because he travels in a high-

power automobile instead of on a cantankerous bronc?

Progress moves on wheels—not hoofs, today; tomorrow it will take to wings.

Next year will find the world miles ahead of this year. It will find men getting more enjoyment out of life, building more for the future, imbued with higher ideals. Where there is Progress, this is inevitable.

Experience is the only asset to the financial publicist gleaned from the "good old days." Only for reference to hundreds of past achievements do we, the oldest and most experienced group of specialists in service to bankers, turn back the calendar.

The Collins Service

The Recognized Standard of Financial Advertising

Philadelphia, Pa.

Banking Publicity

Special Section of The Bankers Magazine

MARCH 1922

What Banks Think of Advertising*

By Guy Emerson

IT IS BECOMING more and more common for bankers to regard a radical cutting down of an advertising expenditure with close attention. The sharp reduction in the advertising of nationally distributed articles, the reputations of which were apparently so firmly established that nothing could affect them adversely, has been followed so regularly by a heavy falling off in sales that the need for caution in such cases is widely recognized. The banker is coming to realize that public interest is not necessarily a permanent possession. It can be won only by skillful competition in a world where every device is mobilized to win the notice and stimulate the action of the average man or woman, from the hour of rising in the morning till the hour of retiring at night.

The morning mail is full of circulars; selling appeal fills the newspapers and magazines, the bill-boards, the street cars and the shop windows as one goes to work and returns in the evening. To win a place in the crowded and besieged mind of the modern man is not equivalent to holding such a place. It is more like creating a melody which the prospect hears, enjoys and inevitably forgets. It must be played and re-played, or other melodies will take its place. Not even the greatest corporation or the most popular product can hope to build up a reputation which will of its own force endure. The history of advertising is filled with striking proofs of human forgetfulness.

If a further instance is needed of the progress of the banker's belief in advertising, it is to be found in the great volume of advertising placed by bankers purely for purposes of developing good will. Banks have been among the pioneers in this field. Many large banks, having nothing tangible for sale, find it advisable to advertise extensively. The aim is not to secure direct returns. The object in view is to develop the highest type of national good will for an institution doing a countrywide but at the same time a highly specialized business. To understand the value of advertising which produces demonstrable and early returns in dollars and cents is simple enough. But when bankers are willing to spend substantial sums year after year for adver-

tising to build their standing, and to keep their good name continuously before the forgetful public, it indicates a receptive attitude, at least toward this particular branch of advertising.

Unquestionably advertising has an important future. Many business men believe that the ultimate tendency of modern salesmanship is toward operations on a large scale, that the great sales successes of the future will be based upon volume and wide distribution. If this is true, the test of success will be an honest product, manufactured with the highest efficiency and economy and marketed widely on a small margin of profit. Advertising will be a powerful factor in this development. Such distribution cannot be lastingly built by spectacular advertising methods. To be successful, the advertising must be laid out with as

(Continued on page 539)



The above is a photograph of the Commerce Trust Company's exhibit at a recent "Own Your Home" show in Kansas City. F. M. Staker, manager of bank's publicity department, uses the case for exhibits at various local expositions and between times within the banking rooms to advertise different features of Commerce service. The lack of window display space in the bank caused the publicity manager to think of the case as an advertising "window."

* Reprinted in part from "Commerce Monthly."

Banking Publicity

Monthly Publicity Section

THE BANKERS MAGAZINE

253 Broadway, New York

MARCH 1922

IT IS interesting to note, in connection with the rather intensive drive which the banks of the country are making during the present time to increase savings on the part of the general public, and to encourage the opening of new savings accounts, that this campaign is appreciated by the business men of the country even more perhaps than is realized by the banks themselves. In an article which recently appeared in *THE BANKERS MAGAZINE* many business men from all parts of the country voiced their opinions on various phases of banking service, in answer to a questionnaire on what they thought of their banks. Among the answers there were many expressions of appreciation of the helpfulness of the concerted efforts of banks to encourage savings and to promote the habit of thrift through the medium of savings and thrift advertisements. It should be a source of gratification to the banks to be able to feel that the business men and employers of the country appreciate, approve of, and will lend their moral support to the campaign which the banks are so vigorously waging in the cause of thrift and savings through the medium of the newspapers throughout the country.

THERE is a paragraph from an able and timely article reproduced in part in *Banking Publicity* this month, and written by a well known New York banker, which well merits special attention. It reads as follows:

"... If a further instance is needed of the progress of the banker's belief in advertising, it is to be found in the great volume of advertising placed by bankers purely for purposes of developing good will. Banks have been among the pioneers in this field. Many large banks, having nothing tangible for sale, find it advisable to advertise extensively. The aim is not to secure direct returns. The object in view is to develop the highest type of national good will for an institution doing a countrywide but at the same time a highly specialized business. To understand the value of advertising which produces demonstrable and early returns in dollars and cents is simple enough. But when bankers are willing to spend substantial sums year after year for advertising to build their standing, and to keep their good name continuously before the forgetful public, it indicates a receptive attitude, at least toward this particular branch of advertising."



Too MANY bank employees have the feeling that they are merely cogs in a big machine in which the individuality of service is not ap-

preciated. The fallacy of this attitude becomes quite apparent when the basic principle upon which modern banking rests is taken into consideration. Just as the service in every department is of equal importance to the success of the institution as a whole, so the service rendered by each individual is essential to the success of each department.

There are two ways in which bank service can be measured—from the point of view of the man on the inside of the bank who is to serve, and from that of the customer who is to be served. The prime requisite of the employee is to develop both points of view. The problem of each employee—and especially of those who deal with the public—consists primarily in serving not only the best interests of the bank, but in catering to the whims and wishes of the bank's clients. The ability to develop a keen personal interest in the needs of the patrons of the institution, and to create for them a cheerful atmosphere, is an invaluable asset for every bank employee. No banker has a right to success until he has learned how to serve. He must put deeds before dollars, courtesy before cash, service before surplus, and personality before profit.—*Bruce Ramsey, in the bulletin of the Financial Advertisers' Association.*



WORKMEN ARE more easily found than masters.—*German.*

What Banks Think Of Advertising

(Continued from page 537)

much vision, must be as carefully planned and as economically executed as all other parts of a selling campaign.

The forward looking banker will be glad to see the advertising specialist take his proper place in the world of sounder business which we hope will replace the more slashing and wasteful periods of the past. But the banker's attitude, while important, will not be the controlling influence in advertising progress. The predominant relationship will always be that of the advertising man to the business executive. And, more fundamental still, the business of advertising will not progress or decline because business men or bankers, or any other group, prefer to smile or frown upon it. Its prosperity or the reverse will depend first, upon the basic profit-producing importance of advertising as determined by the inexorable operation of economic laws; and second, upon the downright human ability and integrity with which advertising men build upon the basic opportunity which is presented to them.



How Banks Are Advertising

THE LADIES' department of the Bank of the United States, New York, has recently issued a comprehensive and compact little personal budget and account book with the caption "For Every Woman." There is a brief introductory paragraph by Martha C. Sears, manager of the ladies' department. In the back of the book is a glossary of banking terms. There is also a list of helpful suggestions for keeping a proper and orderly account of personal expenses.

MY WILL, Memoranda for Use in Its Preparation," is the title

Who's Who in Bank Advertising



EARL R. OBERN

Manager of publicity and new business, Old National Bank, Battle Creek, Mich.

MR. OBERN was for three years sales promotion and advertising manager of the Curtis Corporation, Long Beach, California; later he became executive secretary of the Rotary Club, of Los Angeles, Cal., and also the K. L. Hamman Advertising Service, of Oakland, Cal. For two years he was manager of publicity department of the Noel State Bank of Chicago.

In October, 1921, he took charge of the publicity and new business of the Old National Bank of Battle Creek, Mich.

Mr. Obern was the first bank advertising man to use "house to house" distribution, and carried on several successful campaigns for the Noel State Bank.

"DOES YOUR LEDGER CONTAIN THE FACTS?"

We have recently issued a valuable booklet under the above title, outlining the various functions of our Public Accounting Department. Among the many services of this department which can be utilized profitably by business firms and individuals are included:

Periodical audits for corporations, firms, and individuals.

Federal tax audits and examinations.

Analysis of costs.

Special investigations for any desired purpose.

We shall be pleased to send you a copy of this helpful booklet.



"True To Its Trusts"

DETROIT TRUST COMPANY

Opposite Post Office
Detroit Michigan

An original presentation of advantages of special department.

of a very artistic booklet which has been sent out by the National Bank of the Republic of Chicago. The booklet contains such suggestions as: "What disposition shall I make of my household furniture, automobile, jewelry, etc.? To whom shall I make bequests of cash, and in what amounts? My wife—What provision shall I make for her? Shall I give her all or part of my estate outright? Shall I create a trust fund for part, or possibly all, payable in a fixed annual income? What disposition shall be made of the principal at my wife's death?" etc., etc. Each of these suggestions has some helpful footnote appended to it, and plenty of space is given for detailed answer to each question. This booklet, if filled out in accordance with the suggestions contained in it, should be of considerable help in the drafting of wills to attorneys whose clients send it to them.

THE CENTRAL Manufacturing District Bank of Chicago has sent out a novel and well prepared folder in the form of a mailing card, containing a de-

tailed and explanatory statement of the bank's condition.

"WHEN Is IT Safe to Give Your Boy Money?" is the heading of a strong trust advertisement in the series which the Columbia Trust Company of New York is running. The advertisement quotes the statement of the president of a Boston trust company that "from my experience I would say that 97 per cent. of the money left entirely in the hands of young men at the age of twenty-one would be lost." The advertisement continues in part:

"Would you say that your New York boy will have better judgment in money matters than a Boston boy of the same age?"

"You will probably agree that you do not need so much to guard your own young people against reckless spending as you do against their temptations to make alluring but unsound investments."

"TWENTY YEARS of Service" is the title of a well-printed and illustrated booklet distributed by the First National Bank of Clifton Forge, Va., in commemoration of its twentieth anniversary. The booklet contains a brief history of the bank, and outlines the scope and workings

of each of its various departments. In addition to a list of all directors and officers, past and present, the booklet gives the names of all employees, past and present, the booklet gives the names of all employees, past and present, with the present address and occupation of all former employees.

ENLARGING upon their well known form of statement, "A Bank Statement that any Man or Woman Can Understand," which began to appear in 1916, the Corn Exchange Bank of New York goes a step further and shows in detail in a full newspaper page advertisement in various New York papers, under the title "How a Bank Is Managed and Examined," how to determine the significance, in actual percentage figures, of the various items in a bank's statement. The advertisement also shows in detail how the bank's statements are examined and authenticated. To give some concrete idea of the manner in which the advertisement enlarges on the explanation of the various items of the bank's statement, the following, under the head "The Bank Owes to Depositors, Payable on Demand," is quoted:

"When a bank accepts a deposit it agrees to repay the money instantly when the depositor asks for it. What heavier obligation could be laid upon a banker, what requirement calculated to make him more scrupulously careful of what he does with the money entrusted to him? For deposits cannot lie idle in the vaults. They must be put to work for the good of the community, in the shape of loans to merchants and manufacturers, investment in bonds of sound corporations, real estate mortgages and Government loans. If banks refused to lend and invest, the wheels of industry would come to a full stop, and banks can only justify their existence by lending and investing. And yet, if depositors ask for their money it must be forthcoming without delay. How can a bank lend money and at the same time have it available to pay depositors?"

The answer lies in the bank's reserves of cash and of securities on which cash can immediately be raised, plus its other assets and especially its surplus of assets over what it owes to depositors. The Corn Exchange Bank owes to depositors \$209,170,153.89, which it has agreed to repay on demand.

Adapting Commercial Advertising Methods to the Needs of a Bank*

By G. A. O'Reilly

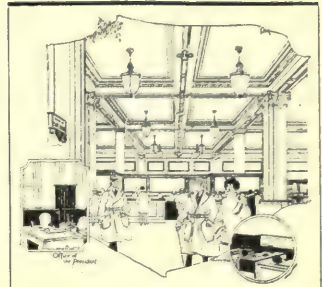
I DON'T KNOW whether I should characterize advertising as important or dangerous. It will be the one or the other, depending upon who is running the show, that is, upon the nature of the advertising judgment which controls. I might say that advertising at best is one of the most powerful elements which can be used in the success of industrial, commercial or financial operations. At its worst it is about the simplest and easiest known way of burning up perfectly good money to no purpose. If the advertising man is strictly high class and understands his business thoroughly from top to bottom and expresses a judgment which can be accepted as a safe reflection of the best that is in his representation, then his should be a fairly safe lead to follow, and the picture he paints and presents to the world will serve almost as valuable a purpose on the inside of his institution as on the outside.

If, however, he happens to be

the other kind, the kind who would use advertising as a means whereby his vanity may be flattered or expression may be given to something wrong in his makeup, or to get something out of his system, dreams or whims or fancies or, perhaps, a disposition to just advertise, in this event the advertising manager is an excellent person to watch, and watch carefully, and there should be a splendid chance for a new advertising manager on that particular job.

I like to think of advertising as something big, something splendid, something which goes deep down into an institution and gets hold of the soul of it, and classify that soul and bring every expression of institutional activity into harmony with it. For institutions have souls, you know, just as men and nations have souls. And if some particular advertising man is not in line with this belief he had better get in line as soon as possible. It will make his work easier and more productive of the kind of results to which his institution, if it is the right kind of institution, is entitled.

If a particular advertising administration has succeeded in getting hold of this soul or moving spirit or dominant principle, call it what you will, which must be the central thing, good or bad, in all institutional life, the big thing in advertising has been accomplished. After that, the rest of it is largely a matter of mechanics, copy and layouts and media and analysis of sales fields. These are easy, but the task of learning your own institution and your own goods and your own background and your own limitations is not easy, and involves a quality of skill and cleverness and knowledge of human nature and human relations, unfortunately somewhat beyond what is included in the estimate which all



Progressive Banking That Keeps Pace With Your Requirements

With constantly growing facilities, this institution is adequately prepared to serve you in every banking matter that may arise in connection with your business or personal affairs.

We offer you every convenience of modern banking methods, coupled with a cordial spirit of co-operation—the earnest desire of every member of our organization to help you transact your business with us pleasantly and satisfactorily.

Whether your requirements are large or small, it will be worth while to investigate the advantages of a banking connection here. We will be glad to talk with you on this subject at your convenience.

Liberty Central Trust Company is a member of the Federal Reserve System and is a member of the New York City Clearing House.

LIBERTY CENTRAL TRUST COMPANY
 Member Federal Reserve System
 100 BROADWAY, NEW YORK

Good balance in arrangement of illustration and copy by St. Louis company.

too many institutions place upon their advertising function.

It seems to me that the essence of good advertising is perfect truthfulness, not attractiveness but truthfulness. There may exist many things more attractive than the facts of a particular business situation, but it will be difficult to find anything which will serve the long run interests of that situation in advertising better than the facts of the case. Of course, it is not necessary to keep the public informed at all times concerning our possible weak spots, which means that it is not always necessary to advertise everything we have. But if we are to advertise, let us deal in facts, not fictions. In the long run it will be found safer, more productive of desirable results,

* Portion of address delivered before the Sphinx Club in New York.

**Great Men Advise—
Great Minds Agree**

THROUGH the changing conditions of a century and a half their advice remained unchanged—each one in his individual way said the same thing—Save.

“We do not presume to offer advice, placing it on a par with theirs, but we do want to leave it to your thought, and ‘until it dawns,’ START NOW! if you intend to save tomorrow, START TODAY

“Mercantile savings accounts opened and deposits made during the first five days of February draw 1% out from February FIRST.

Mercantile Trust Company
 Member Federal Reserve System
 100 BROADWAY, NEW YORK
 100 BROADWAY, NEW YORK

Giving added weight to thrift argument through savings and economy advice of great men.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets and other advertising matter issued by them. Subscribers can get on this list free of charge.

Watch for New Names and Other Changes.

A
Adams, F. C. mgr. pub. dept., Nat'l Bk of Kentucky, Louisville, Ky.
Adams, F. R., Will Co. Nat'l Bank, Joliet, Ill.
Alfriend, R. J., Jr., asst. cash., Virginia Nat'l Bank, Norfolk, Va.
Anderson, R., cash., American Bk. & Tr. Co., Greenville, S. C.
Anderson, R. P., care of K. L. Hamman Adv. Agcy., 316-13th St., Oakland, Cal.
Ansley, D., Central Tr. Co., San Antonio, Tex.

B
Bader, A. F., asst. cash., Old State Nat'l Bank, Evansville, Ind.
Banco di Roma, head office, Rome, Italy.
Banco Mercantil Americano del Peru, Lima, Peru, S. A.
Bankers Magazine, The, New York.
Bassett, L. E., Cotton Belt Svcs. & Tr. Co., Pine Bluff, Ark.
Baty, E. N., mgr. new bus. dept. Englewood State Bk., 63d St. & Yale Ave., Chicago, Ill.
Bauder, R. E., 738 S. Michigan Ave., Chicago, Ill.
Baugher, E. M., pres., Home Bldg. Ass'n Co., Newark, Ohio.
Bell, H. W., dir. serv., Svgs. Bank of Utica, N.Y.
Bennett, H. D., asst. cash., Capital Nat'l Bank, Lansing, Mich.
Berger, H. C., cash., Marathon Co. Bk., Wausau, Wis.
Biggar, F. C., head office, Canadian Bank of Commerce, Toronto, Canada.
Blze, L. A., pres., Citizens Bank & Tr. Co., Tampa, Fla.
Bland, M. A., V. P., 1st Nat'l Bk., Clarksville, Tenn.
Blethen, J. O., cash., Security Tr. & Svgs. Bank, Yuma, Ariz.
Block, R., pub. mgr., Citizens Tr. Co., Buffalo, N. Y.
Bolla, Rodolfo, American representative, Banco di Roma, 1 Wall St., N. Y.
Boyd, W. A. V. P., 1st Nat'l Bank, Ithaca, N. Y.
Brannan, D. R., dir. pub. Hellman Com'l Tr. & Svgs. Bank, Los Angeles, Cal.
Brown, G. W. C., asst. secy., Tidewater Bank & Tr. Co., Norfolk, Va.
Brown, R. A., asst. cash., Citizens Nat'l Bank, Raleigh, N. C.
Brown, W. E., adv. mgr., Hibernia Bank & Tr. Co., New Orleans, La.
Brunkow, A. F., pub. mgr., Old Nat'l Bank, Spokane, Wash.
Buennagel, L. A., mgr. serv. dept., Fletcher Svgs. & Tr. Co., Indianapolis, Ind.
Burton, E. C., V. P., Pennsylvania Nat'l Bank, Chester, Pa.
Butzlaff, H. M., asst. cash., Iowa State Bank, Atlantic, Iowa.
Buzbee, M. A., adv., mgr. American Bank of Commerce & Tr. Co., Little Rock, Ark.

C
Caplan, H. B., adv. dept., Canal-Com'l Tr. & Svgs. Bank, New Orleans, La.
Capps, W. V., adv. mgr., Seaboard Nat'l Bank, Norfolk, Va.
Carlisle, H. W., pub. mgr., Guaranty Trust Co., N. Y.
Ciebaugh, S. F., cash., City Nat'l Bank, Tuscaloosa, Ala.
Claraham, L. A., mgr. new bus. dept., Oak Park Tr. & Svgs. Bk., Oak Park, Ill.
Coon, H. J., 68 Farnham Ave., Toronto, Canada.
Corrigan, J. V., pub. mgr., Liberty Central Tr. Co., St. Louis, Mo.
Crarry, R. F., asst. cash., Internat'l Bkg. Corp., N. Y.
Culbreth, E. E., Com'l Nat'l Bank, Raleigh, N. C.

D
Davy, C. C., Atty., East Side Svgs. Bank, Rochester, N. Y.
De Bebian, A., adv. mgr., Equitable Tr. Co., N.Y.
Delly, H. E., Tradersmen's Nat'l Bk., Phila., Pa.
De Wilde, J., pub. mgr., American Nat'l Bank, Pendleton, Ore.
Dysart, W. R., cash., 1st Nat'l Bank, Ripon, Wis.

E
Eberspacher, J. C., asst. cash., 1st Nat'l Bank, Shelbyville, Ill.
Eldrich, A. A., secy., North Side Svgs. Bk., N. Y.

Ellsworth, F. W., V.P., Hibernia Bk. & Tr. Co., New Orleans, La.
Etter, R. W., Merch. & Planters Bk., Pine Bluff, Ark.

F
Frost, L. A., V.P., Guaranty Tr. Co., Cambridge, Mass.

G
Garner, P., pub. mgr., Wachovia Bk. & Tr. Co., Winston-Salem, N. C.
Gatling, N. P., V. P., Chatham & Phenix Nat'l Bank, N. Y.
Gehle, F. W., mgr. adv. dept., Mechanics & Metals Nat'l Bank, N. Y.
Glenn, C. L., secy., Buck & Glenn, Inc., Winston-Salem, N. C.
Gode, C. A., adv. mgr., Merchants Loan & Tr. Co., Chicago, Ill.
Gonthier, H. C., dir. pub. Bank of Hochelaga, 112 St. James St., Montreal, Que.
Grimm, H. B., mgr., bus. ext. dept. Security Tr. Co., Detroit, Mich.
Guy, J. E., mgr. serv. dept., 1st Nat'l Bk., Waynesboro, Pa.

H
Haggerty, L. A., asst. treas., Anthracite Tr. Co., Scranton, Pa.
Hall, J. C., Farmers & Mechanics Tr. Co., West Chester, Pa.
Hall, W. R. D., com'l serv. dept., Phila. Nat'l Bk., Phila., Pa.
Hammond, R. P., bus. serv. dept., Second Ward Securities Co., Milwaukee, Wis.
Hamsher, C. F., pres., 1st Nat'l Bank, Los Gatos, Cal.
Handerson, C. H., pub. mgr., Union Tr. Co., Cleveland, O.
Hardesty, P. L., adv. dir., Union Tr. Co., Chicago, Ill.

Haskell, E. G., Barnett Nat'l Bank, Jacksonville, Fla.
Heuchling, F. G., V. P., Northwestern Tr. & Svgs. Bank, Chicago, Ill.
Higgins, A. E., adv. serv., 2929 B'way, N. Y. C.
Higley, J. N., pub. mgr., 1st Nat'l Bank, Youngstown, Ohio.
Hirt, E. C., Banco Hispano Suizo, Para Empresas Electricas, Plaza Canalejas, 3, Madrid, Spain.
Hodgins, J. H., mgr. pub. dept., Union Bank of Canada, Winnipeg, Manitoba.

Holdam, J. V., adv. mgr., Chattanooga Svgs. Bank, Chattanooga, Tenn.
Home Bank of Canada, Home Bank Monthly, Toronto, Canada.

Hosbach, J. T. A., 4th St. Nat'l Bank, Phila., Pa.
Hotze, R. E., Jr., adv. mgr., Planters Nat'l Bank, Richmond, Va.

Hudson, P. L., asst. cash., 1st Nat'l Bank, Corona, Cal.

Hunter, H. G., V. P., Kansas City Terminal Tr. Co., Kansas City, Mo.

Hutchins, E. M., pub. mgr., Seaboard Nat'l Bank, N. Y.

I
Izant, R. J., adv. mgr., Central Nat'l Bank Svgs. & Tr. Co., Cleveland, Ohio.

J
Jarl, E. L., asst. cash., State Bk. of Chicago, Ill.
Jessup, T., asst. cash., Woodlawn Tr. & Svgs. Bk., Chicago, Ill.

Johnson, E. W., Warren Nat'l Bk., Warren, Pa.
Johnson, W. H., Jr., adv. mgr., Marine Tr. Co., Buffalo, N. Y.

Jones, M. H., asst. cash., 1st & Citizens Nat'l Bk., Elizabeth City, N. C.

Judd, S. P., pub. mgr., Mercantile Tr. Co., St. Louis, Mo.

K
Karr, H. W., dir. pub., Nat'l Cash Register Co., Dayton, Ohio.

Keeton, M., mgr. svgs. dept. Merchants & Farmers Bank, Meridian, Miss.

Keller, C. B., Jr., cash., Stroudsburg Nat'l Bank, Stroudsburg, Pa.

Kittredge, E. H., pub. mgr., Old Colony Tr. Co., Boston, Mass.
Kommers, W. J., pres., Union Tr. Co., Spokane, Wash.

L
Langstroth, E., New York Trust Co., N. Y.
Lanier, B. W., secy., United States Tr. Co., Jacksonville, Fla.

Lersner, V. A., comp. Williamsburgh Svgs. Bank, Bway & Driggs Ave., Brooklyn, N. Y.
 Lyons, W. S., Union Trust Co., of D. C., 15th & H Sts., Washington, D. C.

MacCorkle, J. C., pub. mgr., City Nat'l Bank, Evansville, Ind.
 MacNennon, R. M., adv. mgr., 1st Nat'l Bk. & Tr. & Svgs. Bk., Los Angeles, Cal.
 Matson, M. L., adv. dept., 1st Nat'l Bank, Wellsboro, Pa.

McLean, W. D., V. P., Morris Plan Bank, 261 Broadway, N. Y.
 McDowell, J. H., 1st Tr. & Svgs. Bank, Chattanooga, Tenn.

Malcolm, S. D., gen. mgr., adv. dept., American Express Co., N. Y.
 Matson, C. K., pub. mgr., Cleveland Trust Co., Cleveland, Ohio.

Matthews, H. B., adv. mgr., S. W. Strauss & Co., 5th Ave. at 46th St., N. Y.
 Megan, T. F., asst. secy., Internat'l Tr. Co., Boston, Mass.

Merrill, F., adv. mgr., Northwestern Nat'l Bank, Minneapolis, Minn.
 Merrill, E. E., Gardner Tr. Co., Gardner, Mass.
 Meyer, A. J., pub. dept., Union Tr. Co., Rochester, N. Y.

Moniteur des Interets Materiels, 27 Place de Louvain, Bruxelles, Belgium.
 Morgan, L. J., adv. mgr., 1st Nat'l Bank, St. Joseph, Mo.

Morrish, W. F., V. P., Security Bk. & Tr. Co., San Francisco, Cal.
 Morrow, P. E., care of Hackney & Moale Co., Ashville, N. C.

Muller, J., 49 Sonneggstrasse, Zurich VI, Switzerland.
 Muralt, H. de, sub-mgr., Union de Banques Suisses, Zurich, Switzerland.

Nat'l City Bank, Chicago, Ill.
 Newman, M., asst. cash., Union Tr. Co., San Francisco, Cal.

Newton, E. V., mgr. new bus. dept., Garfield Svgs. Bank, Cleveland, Ohio.
 Norberg, P. G., Aktiebolaget Svenska Handelsbanken, Stockholm, Sweden.

Overton, J. A., cash., Nat'l Bank of Smithtown Branch, N. Y.

Peede, L. G., bk. serv. dept., Abbott-Brady Prtg. Corp., 460 4th St., San Francisco, Cal.
 Poole, John, pres., Federal National Bank, Washington, D. C.

Potter, H. E., asst. cash., Citizens Commercial & Svgs. Bank, Flint, Mich.
 Powell, V. M., secy., Home Svgs. Bk., B'klyn, N. Y.

Pratt, T. B., Henry L. Doherty & Co., 60 Wall St., N. Y.

Quincy, J. M., asst. cash., Atlantic Nat'l Bk., Jacksonville, Fla.

Raven, F. J., American Oriental Bkg. Corp., Shanghai, China.
 Reese, R., Minnesota Loan & Tr. Co., Minneapolis, Minn.

Rittenhouse, C. M., Farmers Loan & Tr. Co., N. Y.
 Rogers, W. C., secy.-treas., Asbury Park Tr. Co., Asbury Park, N. J.

Ruff, W. J., cash., Luzerne Co. Nat'l Bank, Wilkes-Barre, Pa.
 Ryland, C., mgr., new bus. dept., American Nat'l Bank, Richmond, Va.

Sexsmith, J. R., pub. mgr., Jefferson Co. Nat'l Bank, Watertown, N. Y.
 Schlenker, A., cash., 1st Nat'l Bank, Brenham, Tex.

Slater, A. G., Union Bank of Canada, 49 Wall St., N. Y.

Scott, W., vice-pres., Virginia Tr. Co., Richmond, Va.

Sherrill, W. M., mgr. new bus. dept., Wyoming Nat'l Bank, Wilkesbarre, Pa.

Shoven, A. M., cash., City Tr. & Svgs. Bank, Kankakee, Ill.

Simons, M. M., asst. treas., Farmers & Merchants Tr. Co., Greenville, Pa.
 Siviter, W. H., 122 Dithridge St., Pittsburgh, Pa.

Smith, A. C., pres., City Nat'l Bank, Clinton, Ia.
 Smith, A. T., mgr. special serv. dept. Industrial Svgs. Bank, Flint, Mich.

Smith, E. L., asst. cash., American Tr. & Bkg. Co., Chattanooga, Tenn.

Snyder, C. F. Jr., adv. mgr., Charleston Nat'l Bank, Charleston, W. Va.

Spencer, L. F., V. P., 1st Nat'l Bk., Ridgewood, N. J.

Staker, F. M., mgr. pub. dept., Commerce Banks, Kansas City, Mo.

Starkweather, C. H., treas., Danielson Tr. Co., Danielson, Conn.

Stein, R., asst. cash., American Union Bk., N. Y.
 Stover, J. C., secy., Indiana Svgs. & Loan Ass'n., South Bend, Ind.

Streicher, J. H., new bus. dept., Com'l Svgs. Bank & Tr. Co., Toledo, Ohio.

Sullivan, T. J., pres., American Press League, 11 S. LaSalle St., Chicago, Ill.

Taylor, C. E., Jr., pres., Wilmington Svgs. & Tr. Co., Wilmington, N. C.

Thompson, R. H., 1524 Chestnut St., Phila., Pa.
 Thomson, E. H., pub. mgr., Washington Loan & Tr. Co., Washington, D. C.

Thurston, W. B., Jr., mgr. for. dept., Nat'l Bank of Baltimore, Md.

Van Blarcom, W., asst. cash., 2nd Nat'l Bank, Paterson, N. J.

Van Leer, E. S., Metropolitan Tr. Co., N. Y.

Wadden, J. W., pres., Sioux Falls Nat'l Bank, Sioux Falls, S. D.

Wadden, T. A., V. P., Lake Co. Nat'l Bank, Madison, S. D.

Wallace, T. H., Farmers & Mechanics Svgs. Bank, Minneapolis, Minn.

Weisenburger, W. E., adv. dir., Nat'l Bank of Commerce, St. Louis, Mo.

Wells, G. T., asst. cash., Denver Nat'l Bank, Denver, Colo.

Wight, E. L., pub. mgr., Hoggson Bros., 485 5th Ave., N. Y.

Williams, F. H., treas., Albany City Svgs. Institution, Albany, N. Y.

Williams, J. E., asst. cash., Third Nat'l Bank, Scranton, Pa.

Williams, J. L., vice-pres., Woodside Nat'l Bank, Greenville, S. C.

Williams, J. M., pub. mgr., Mellon National Bank, Pittsburgh, Pa.

Winship, A. L., V. P., Nat'l Shawmut Bank, Boston, Mass.

Withers, C. K., tr. off., Mechanics Nat'l Bank, Trenton, N. J.

Woodford, W., Bank of America, 44 Wall St., N. Y.
 Wormwood, C. K., adv. mgr., 1st Nat'l Bank, Haverhill, Mass.

Zambrano, A., Jr., care of A. Zambrano e hijos, Apartado No. 6, Monterrey, N. L., Mex.

Zimmer, C. R., 1st Nat'l Bank, Emporium, Pa.

Zimmerman, F. A., Chambersburg Tr. Co., Chambersburg, Pa.



New Names

Downing, D. L., asst. cash., 1st Nat'l Bank, Newport News, Va.

Lampman, W. D., asst. pub. mgr., Fidelity Tr. Co., Buffalo, N. Y.

MacNab, E. J., asst. secy., Reliance Tr. Co., Cleveland, O.

Rosenthal, A. L., asst. cash., Liberty Tr. & Svgs. Bank, Chicago, Ill.

Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, ads are reproduced and criticised in BANKING PUBLICITY

Protection of Earnings

By William J. Couse

President Asbury Park Trust Company

HARD work and a considerable period of time are necessary for the average person to acquire a competence. The accumulation of years of endeavor may be quickly lost by unwise ventures. We work and save to provide for ourselves and our families against the unforeseen—sickness, unemployment and other contingencies.

Living expenses of the average home consume much of wages received for labor. The amount we are able to save by careful management should be properly safeguarded. It is usually easier to save than it is to invest safely accumulated earnings.

The necessity of providing increased incomes with which to meet constantly increasing expenses as families grow larger brings the temptation to try and find some quicker way of making money than the slower process by which the first savings were gotten together, so it oftentimes happens that many fall victims to some scheme that holds out big returns.

There are many people busy planning how to capture the earnings of others. A lot of folks live by their wits, and the pity of it is they find so many willing to labor hard for them. It is estimated that in western Pennsylvania alone something like \$100,000,000 of Liberty bonds have been exchanged by their innocent holders for worthless stock of some kind.

Some way should be devised to bring home to the public the danger of putting money in stocks on the representation of slick salesmen. The small investor should be protected from stock jobbing schemes that take hard earned cash in exchange for worthless "scraps of paper."

There has been constant preaching about saving and the "Work and Save" slogan has been ringing in our ears strongly for the past seven years, but of what use is it to stress this if after working hard and practicing self denial the savings are dumped into things of

no value. Income and principal both disappear.

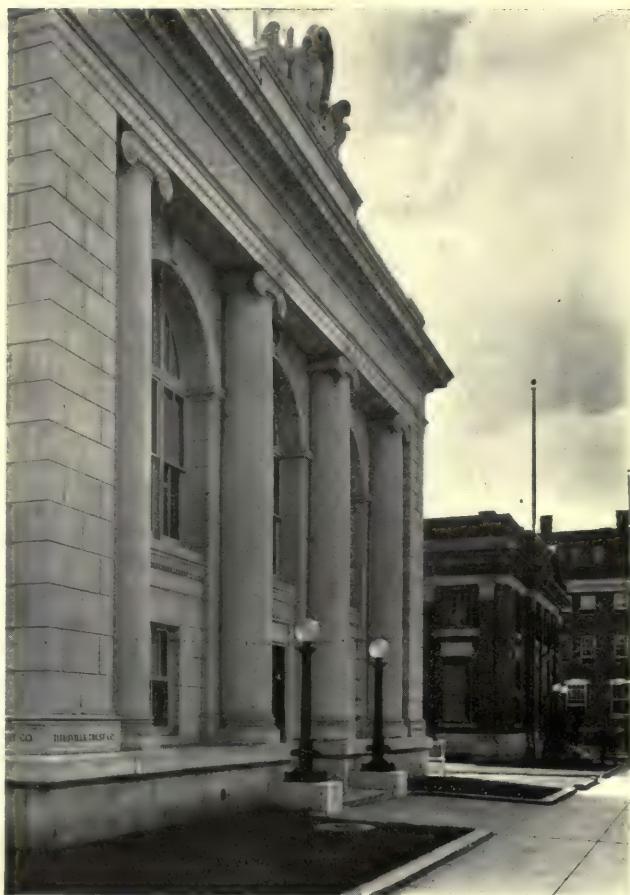
How intensely solicitous some people are to pass on the unsuspecting public new ways of making money by quick processes. Astounding profits are assured—stories told of how rapidly the stock is being sold and how fast the price is climbing.

Get-rich-quick schemes palmed off as legitimate enterprises bring rich harvests of the "coin of the realm" into pockets of promoters. A safe rule to follow is never to permit any salesman to rush through an order. It is profitable to ponder well over any investment offered and particularly the kind that is based on rich promises of abnormal gain. Time spent in considering and checking up the real values back of all offerings is time well spent and may in many cases save serious loss.

Banking institutions have facilities for determining the intrinsic value and soundness of investments. The knowledge and experience gained by the bank official through his many opportunities for keeping in touch with investments, comparing underlying values and checking carefully the factors of safety involved, enable him to be of service in determining the integrity of an investment. The public is entitled to the services of the bank in this connection and should feel free to consult its officers.

If this practice were followed many thousand dollars would not only be saved, but placed safely in sound investments that would yield a good income and assure the ultimate payment of the principal as well.

The experienced investor, before parting with his money, examines carefully the soundness of value back of a security, having in mind first the safety of his principle, and accepts in return an income from it consistent with the current market rate for high grade investments.



New Building of the Titusville Trust Company, Titusville, Pa.

WHEN you reach a decision to put up a new home for your bank, you will require the help of some one skilled by experience to render the highest type of service—such as your bank is rendering to its depositors. It is precisely that kind of assistance that this organization is qualified to give you—as it has been already given to many other banks.

Alfred C. Bossom

Bank Architect and Equipment Engineer
680 Fifth Avenue, New York

Correspondence Invited



Hibernia Bank and Trust Company, New Orleans, La.

Hibernia Bank and Trust Company of New Orleans, La.

JUST a little over one year after the celebration of its fiftieth anniversary, the Hibernia Bank and Trust Company of New Orleans, La., opened its banking rooms in the newest and finest building in New Orleans. The bank was founded in September, 1870, and the cornerstone of the new building was laid on the fiftieth anniversary date, September 1, 1920, the bank holding its opening reception October 15, 1921.

The Hibernia Bank Building is a twenty-three story structure, facing on three streets in the financial and commercial center of New Orleans, Carondelet, Union and Gravier streets. The wings of the building are fourteen stories, the central tower rising to a

height of 355 feet, above the sidewalk. The tower is capped with a huge electric lantern, which is visible for miles over the waterways surrounding the city of New Orleans, and has been officially charted by the Government as a lighthouse.

The contract for the building was given to George A. Fuller Company of New York and New Orleans. The architects were Favrot and Livaudais of New Orleans and Alfred C. Bossom of New York.

The first floor of the building is in the Renaissance style of architecture, is sixty feet in height, and is occupied by the Hibernia Bank and Trust Company, the Hibernia Securities Company, Inc., being located on the second



Main banking room on the opening night, October 15, 1921



Senior officers' platform



Directors' room

floor, with private elevators for the use of the latter company.

The nineteenth floor will be used as a lunch room and rest room for all employees of the bank.

As an office building the structure is of the most modern arrangement, well appointed, and with the latest conveniences and equipment. The woodwork and trim of the offices are of mahogany, and the banking room is finished in American walnut, marble and bronze.

MAIN BANKING ROOM

The main banking room is 170 feet by 75 feet, exclusive of the savings department, which is a third of the size again. In the center of the room is a carved marble information space. The senior officers occupy a raised platform with private elevators to the president's, directors' and consulting rooms, in addition to the conference rooms immediately beside them. This platform is thirty-five feet long and extends across the entire western end of the bank. Al-

so, adjacent to the Carondelet street entrance and the entrance from the elevator lobby, are officers' spaces, so that in spite of the great size of the banking room immediate service is available in every department.

No trouble or expense has been spared, or protective precaution omitted to make vault protection contain everything known to the vault engineer's science, and in addition provision has been made so that the vaults can be flooded in a few minutes in case of riot or other necessity.

Intercommunication between departments and the handling of work with economy and expedition have received thoughtful study, and the furniture and fittings, whether of metal or walnut, all have a particular fitness for their position.

HISTORY OF THE BANK

"The Hibernia Bank of New Orleans" opened for business in a modest office at 47 Camp street. On April 30, 1870, twelve men met in the city and



Auditing department in the foreground, the central files are at the left rear, and the foreign department at the right rear

held the first meeting of the board of directors of the Hibernia Bank. At that time New Orleans had a large Irish colony, and the idea prevailed that every effort should be made to win the confidence of the new citizens. Such names as "Irish-American" or "Anglo-American" were contemplated, but a final decision was given on "Hibernia" as it was more individual and euphonious.

In 1904 a thirteen story building was erected, now known as the "Carondelet Building." At first the bank only occupied a part of the ground floor, but constantly expanding business made necessary the addition of more and more space, until the new building just completed had to be considered.

COMMUNITY BANKING

The Hibernia Bank maintains offices in the more populous and progressive communities of the city. Each of the branch offices has a modern, well-appointed structure, and is a complete

bank in itself. They are located throughout the city:

Industrial Branch, A. V. Wheeler, manager; Jefferson Branch, W. C. Wilson, manager; Algiers Branch, Charles A. Hendricks, manager; Decatur Street Branch, E. F. LeBreton, manager; Charles Papini, manager foreign department; Dryades Street Branch, Philip B. Ruello, manager; Mid-City Branch, Ben E. Hanna, manager.

OFFICERS AND DIRECTORS

The officers of the Hibernia Bank and Trust Company are: Hugh McCloskey, chairman of board; R. S. Hecht, president; Adolph Katz, vice-president and vice-chairman; R. W. Willmot, C. P. Ellis, A. P. Howard, F. W. Ellsworth, Charles Palfrey, Paul Villeré, F. E. Riess, R. N. Sims, vice-presidents; James H. Kepper, cashier; W. B. Machado, R. J. Druhan, William F. Tutt, Charles E. Stevens, R. G. Fitzgerald, Louis P. Banchet, assistant cashiers; Louis V. DeGrady, trust officer; Bruce

Baird, manager foreign trade department; G. L. Woolley, manager credit department; S. I. Jay, manager savings department; L. E. Thoman, safe deposit officer; F. J. Swain, auditor; A. V. Wheeler, manager Industrial Branch; W. C. Wilson, manager Jefferson Branch; C. A. Henricks, manager Algiers Branch; E. F. LeBreton, manager Decatur Street Branch; Charles Papini, manager foreign department; P. B. Ruello, manager Dryades Street Branch; B. E. Hanna, manager Mid-City Branch.

The officers of the Hibernia Securities Company are: R. S. Hecht, president; F. W. Ellsworth, Adolph Katz, vice-presidents; A. P. Howard, treasurer; G. L. Woolley, secretary; J. J. Farrell, assistant secretary; G. H. Nusloch, sales manager; J. A. Baudean, assistant sales manager; Harold Schultz, manager New York office.

The directors of the Hibernia Bank

and Trust Company are: C. E. Allgeyer, Gus. B. Baldwin, A. Brittin, E. J. Caire, R. E. Craig, Jr., H. G. Dufour, Peter F. Dunn, C. P. Ellis, F. W. Ellsworth, F. W. Evans, J. T. Gibbons, Jr., George J. Glover, H. R. Gould, R. S. Hecht, Alvin P. Howard, Paul F. Jahneke, Adolph Katz, Ferdinand Katz, Frank L. Levy, Ernest M. Loeb, D. B. Martinez, J. J. Manson, C. S. Mathews, B. McCloskey, Hugh McCloskey, J. S. Otis, E. Overbeck, W. L. Richeson, W. P. Simpson, E. G. Schlieder, Hugh E. Vincent, Frederic Wilbert, R. W. Wilmot, S. Zemmurray.

The directors of the Hibernia Securities Company, Inc., are: C. E. Allgeyer, C. P. Ellis, F. W. Ellsworth, G. J. Glover, H. G. Dufour, R. S. Hecht, A. P. Howard, Adolph Katz, E. M. Loeb, B. McCloskey, Hugh McCloskey, Charles Palfrey, W. P. Simpson, P. H. Wilkinson, R. W. Wilmot.



Ideas and the Modern Banker

IDEAS are illusive. They come and go. Good ideas are a rare article.

The banker will find a distinctive first-aid in the idea file. A reference file of ideas which may be gone over occasionally and thought about, is of distinct value to the busy banking executive.

If each idea, good or bad, is noted systematically as it comes up, classified and filed, the busy banker may at any time put his fingers on valuable data which offers immediate opportunity for business-building.

The very act of keeping the file up stimulates the thinking out of ideas and the desire to find ideas which may be useful at some future time.

It is advisable to do the work yourself, since the very act of classifying and collating the ideas sometimes produces most valuable results. A small card index file which takes up but

twelve inches of space on your desk is all that is required, with plenty of plain white 3 x 5 cards on which to jot down your ideas.

Articles by leading authorities and experts of the day, on various subjects of banking interest, are dealt with in the fugitive press, or featured in magazines or published in book form. If there is no concerted plan to collect, classify and file an index to such data, much of it is lost and forgotten, and when it is most wanted cannot be found.

Ideas are also picked up at business clubs, association meetings, talks with business men and bankers.

Some simple arrangement, therefore, which enables the banker to preserve his own ideas as well as those of others, adaptable to his own business problems, will give him a valuable first-aid kit for business-building not possessed by those who fail to recognize its value.



First National Bank in St. Louis



The commodious savings department where courteous service is rendered many thousands of savings depositors

The First National Bank in St. Louis

THE First National Bank in St. Louis, the largest national bank west of the Mississippi and one of the twelve largest banks in the United States, was brought about by the consolidation of three old St. Louis banks, in July, 1919, the St. Louis Union Bank, Mechanics-American National Bank and the Third National Bank, which welded together sufficient resources to create a financial institution prepared to meet the increasing demands of St. Louis, the rapidly growing industrial and commercial area of the great Mississippi Valley, at the same time retaining all those characteristics and facilities to make it possible to take care of the business and needs of the smallest depositor.

The First National Bank, with its affiliated institutions, the St. Louis Union Trust Company (trust service) and the First National Company (investment service) renders a complete banking service under one roof. In addition to the main floor, it occupies six other floors, giving it 107,958 square feet in all.

The main floor is one of the largest in the country and beautifully designed. The combination of the stately dark green marble columns with the rich gold tinting of the decorations is an unusual and striking departure in bank architecture. The impressiveness of the interior is increased by the artistically designed lighting fixtures, which are placed not only for the convenience of bank patrons, but also to bring about contrasting values of color combination. The walls are dark brown marble and the cages are bronze to match.

The second floor is occupied by the executive managers and the affiliated institution, the St. Louis Union Trust Company; the third floor, by the transit and bookkeeping department; the fourth floor by the auditing and recording department; the fifth floor by the credit, new business and advertising departments, and the sixth by the industrial service department.

The directors' room is also on the sixth floor. It is furnished in English walnut, with artistic lighting floor and ceiling fixtures. The walls are also of

English walnut to harmonize with the furniture.

The total resources of the First National Bank are over \$132,000,000. It has forty-one directors who are men of ability, prominent and successful in the business world, demonstrated leaders in many lines of industry, well acquainted with the scope of the bank's operations and fully cognizant of their responsibility to the bank's depositors. It has forty-two officers who are men of mature character and judgment with many years of broad banking experience, qualified to serve the public successfully and satisfactorily. It has 610 employees, and its daily transactions average more than 81,000.

The officers of the bank are: N. A. McMillan, Walker Hill and F. O. Watts, executive managers; F. O. Watts, president; Richard S. Hawes, W. T. Ravenscroft, Walter W. Smith, Frank O. Hicks, F. V. Dubrouillet, Joseph S. Calfee, C. E. French, E. C. Stuart, M. E. Holderness, J. R. Cooke, W. F. Gephart, C. Hobart Chase, Bert H. Lang, vice-presidents; Charles L. Allen, cashier; E. G. Coffman, D'A. P. Cooke, Oliver G. Lucas, H. Haill, A. W. Haill, F. C. Hunt, Richard L. King, C. B. Schmidt, R. Palmer McElroy, James McCleave, Charles Morris, W. C. Stauss, L. M. Watts, assistant cashiers; William C. Tompkins, auditor.

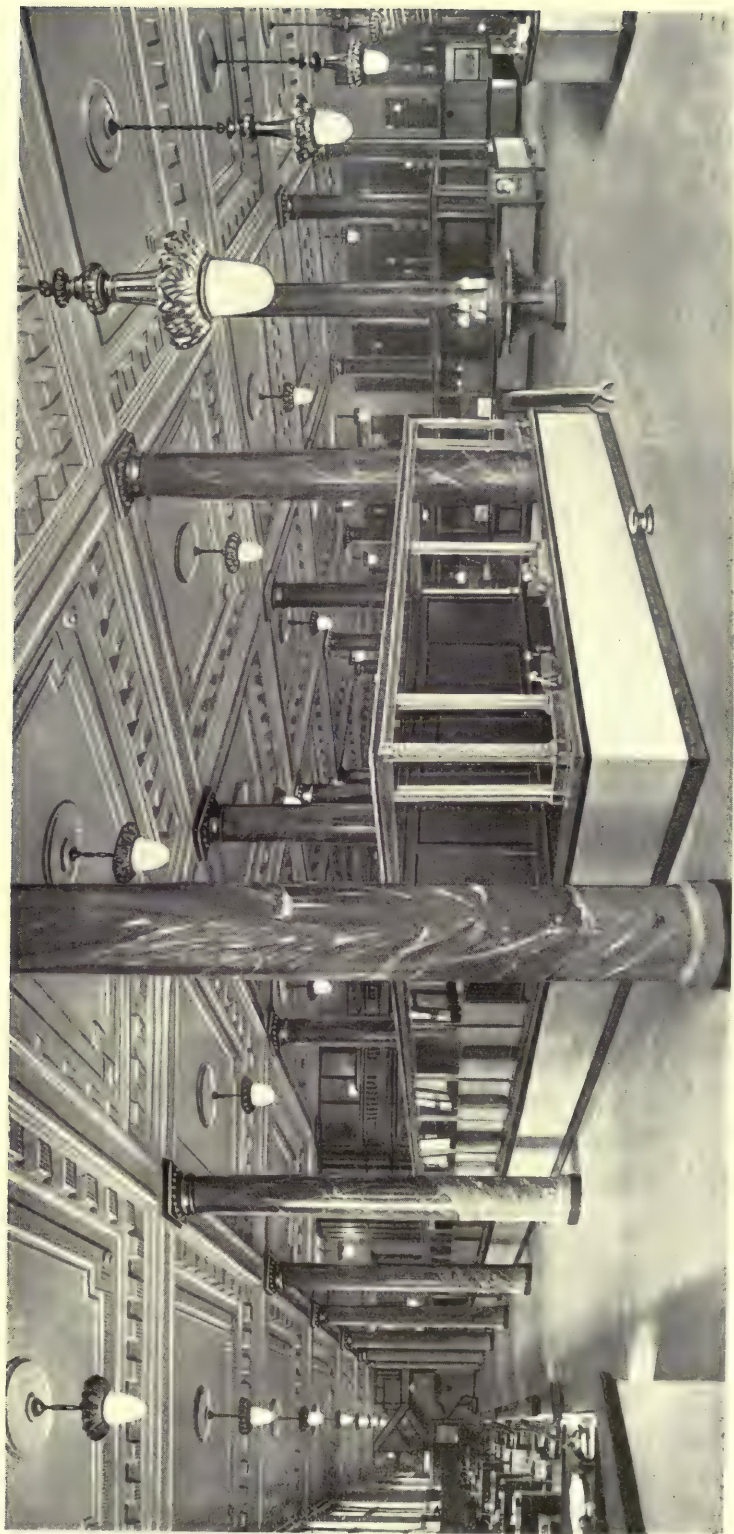
The directors are: N. A. McMillan, Walker Hill, Eugene H. Angert, W. C. Arthurs, James F. Ballard, Joseph D. Bascom, John I. Beggs, William A. Bixby, Robert S. Brookings, August A. Busch, L. Ray Carter, B. B. Culver, William H. Danforth, John T. Davis, F. B. Eiseman, John D. Filley, John Fowler, S. H. Fullerton, Warren Goddard, Benjamin Gratz, Thomas H. West, F. O. Watts, John L. Green, E. W. Grove, Jackson Johnson, Robert McK. Jones, John B. Kennard, H. H. Langenberg, E. K. Ludington, Edw. Mallinckrodt, E. D. Nims, H. L. Parker, John F. Shepley, Moses Shoenberg, A. J. Siegel, George W. Simmons, Wallace D. Simmons, M. E. Singleton, James E. Smith, J. Clark Streett, M. B. Wallace.



St. Louis Union Trust Company affiliated with the bank



Investment division, First National Company



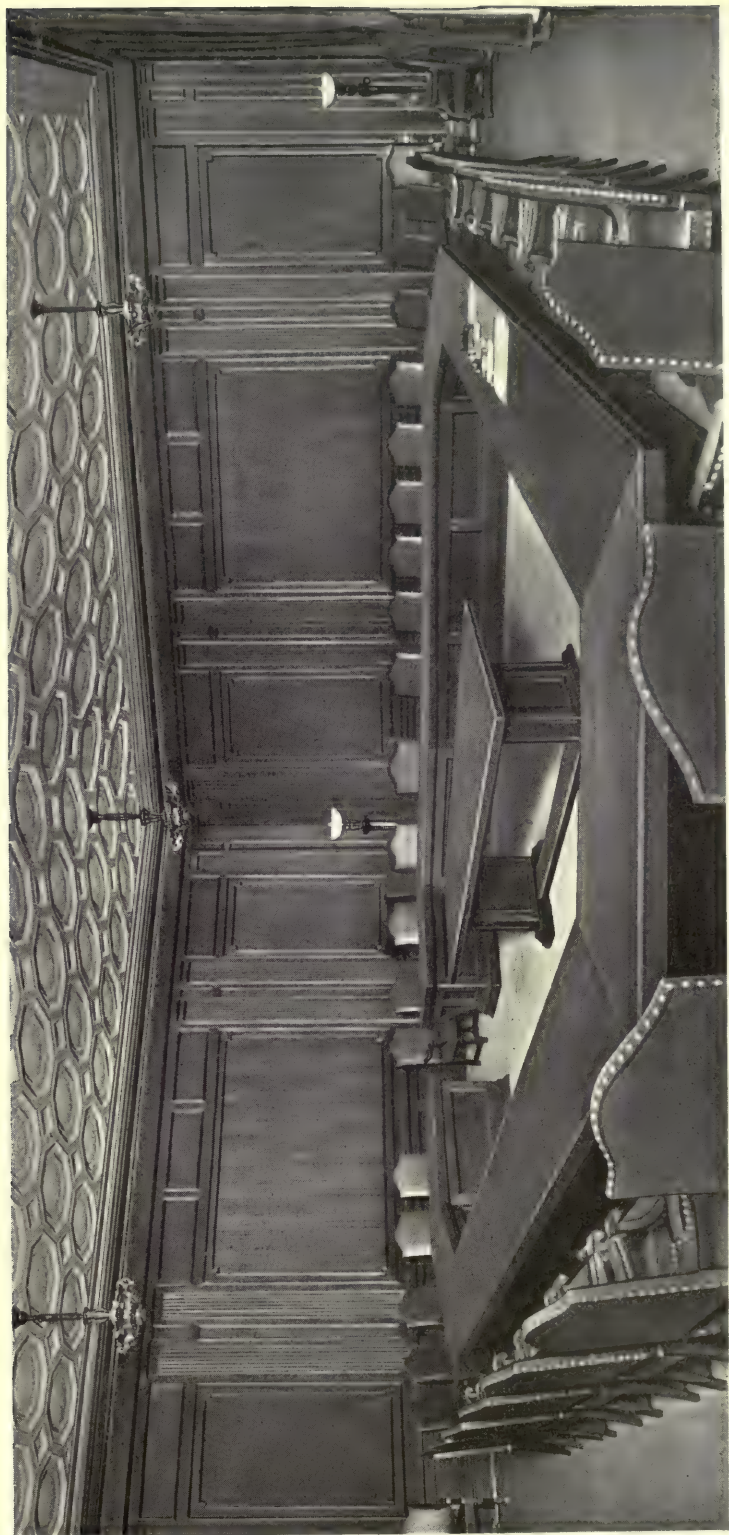
MAIN BANKING ROOM

The walls are of dark brown marble and the cages are bronze to match. This view is taken from the north end showing the officers' quarters on the left



ANOTHER VIEW OF THE BANKING ROOM

This view is taken from the south end. The combination of the dark green marble columns with the gold tinting of the decorations is striking and unusual



DIRECTORS' ROOM

This directors' room has been called one of the most beautiful business rooms in the United States. A departure has been made from the ordinary use of a center table



SAFE DEPOSIT DEPARTMENT, FIRST NATIONAL BANK IN ST. LOUIS

The commodious reception room of the safe deposit department is finished in white marble. The safe deposit vaults are modern and complete in every detail and so located as to afford utmost convenience and privacy to clients

Liberty Central Trust Company of St. Louis

ONE of the oldest banks in St. Louis, in fact the second oldest bank in Missouri, is the Liberty Central Trust Company, having as its forebear the German Savings Institution, which was incorporated as the German Saving Institution by an act of the state's general assembly on February 24, 1853.

The first location of the bank was at 35 North Main street. In 1857 it moved into its own newly erected building on the corner of Main and Market streets. Meanwhile, the center of the business community of St. Louis had been gradually moving toward the north and west, and the bank moved into new quarters in the Merchants Exchange Building, at the corner of Third and Pine streets. There it remained until 1893, when it moved into the new Planters Hotel Building on the corner of Fourth and Pine streets.

In the early part of 1912 the bank negotiated a ninety-nine-year optional lease on the southeast corner of Broadway and Pine streets and laid the cornerstone of a new building, where it remained until its recent consolidation.

The bank now occupies the southwest corner of Broadway and Olive, in its own building, one of the largest business blocks in St. Louis.

During these years the capital was increased at various times to meet the growing business until finally the bank has become one of the largest and safest west of the Mississippi, with a capital of \$3,000,000, a surplus of \$1,000,000 and total resources of \$50,000,000.

At the time of the World War the old name of the institution was dropped and it became the Liberty Bank. In January, 1921, the Liberty Bank consolidated with the Central National Bank, with the new name of the Liberty Central Trust Company.

DESCRIPTION OF THE BANKING QUARTERS

On the first floor of the building the savings department occupies the southwest corner. The offices on either side of the Broadway entrance are occupied

by officers of the bank. With the president's office these extend to the Olive street entrance. The directors' room, done in paneled English, is on the third floor, as is the lunch room, which seats 92 persons.

Simplicity of decoration and arrangement characterizes all the departments. The walls are of clear-face Tennessee marble. The bond department occupies the Olive street side of the second floor, and, with the exception of the cashier's cage, is divided by low marble walls. Down the central corridor from this department is the trust department, enclosed with the same low walls.

The safe deposit department is in the basement, reached by a marble staircase or elevator from the main banking room. Around the walls of the room are the coupon booths, including rooms for the accommodation of more than one person, and committee consultation rooms.

The vault is constructed of 24-inch reinforced concrete, with an inside lining of 1½-inch steel plates, including a ½-inch layer of five-ply non-drillable chrome steel, making it absolutely fireproof and theftproof. The inside of the vault is of highly polished steel, paneled on the ceiling. There are 3500 safe deposit boxes installed, and the vault has a maximum capacity of fifteen thousand.

OFFICERS OF THE BANK

The present officers of the bank are: J. L. Johnston, president; H. Hunicke, M. R. Sturtevant, T. E. Newcomer, E. Barklage, R. R. Clabaugh, Jacob Berger, W. C. Connett, J. J. Frey, William C. Uhri, Louis Fusz, Ch. A. Lemp, vice-presidents; J. M. Garesche, R. P. Titus, Alex. M. Lewis, J. M. Curlee, H. M. Berger, E. L. Slocum, W. A. Gordon, assistant vice-presidents; Erastus Wells, secretary; A. N. Kingsbury, cashier; C. B. Trigg, J. N. Sommer, H. F. Rein, assistant cashiers; E. P. Harrington, auditor; J. J. Scherrer, manager safe deposit department; H. J. Miller, assistant trust officer.



J. L. JOHNSTON

President Liberty Central Trust Company, St. Louis

AT the head of the Liberty Central Trust Company is J. L. Johnston, a native of Kentucky. He was born in Louisville in 1886 and is one of the youngest presidents of a banking institution the size of the Liberty Central Trust Company. As a young man he entered the employ of the Bass-Johnston Banking Company of Ashland, Mo., now the Bank of Ashland, and in 1905, when only twenty years old, was elected cashier of the bank and served in that capacity for two years.

In 1907 he went to Muskogee, Okla., as first vice-president and director of the First National Bank. In 1910 he went to Kansas City and assisted in the organization of the National Reserve Bank, and served as cashier and director. In February, 1915, Mr. Johnston went to St. Louis as vice-president of the German Savings Institution, and on October 28, 1916, he was elected president of the German Savings Institution.

Mr. Johnston is now vice-president of the St. Louis Clearing-House Association, a member of the board of directors and executive committee of the Missouri State Life Insurance Company, and also a member of the board of directors of the Phillips Petroleum Company.



MAIN BANKING ROOM

This view taken from the Olive street entrance shows the staircase to the safe deposit vaults on the left



View of the banking room looking toward the southeast corner



Savings department, southwest corner of banking room



BOND DEPARTMENT

This department occupies the Broadway side of the second floor



Trust department



Board of directors' room

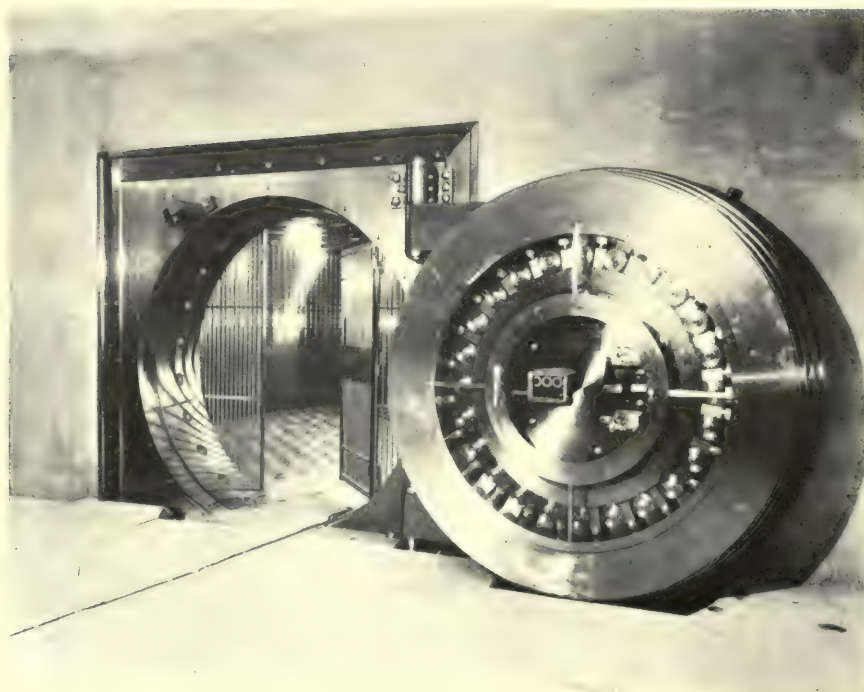


ENTRANCE TO THE SAFE DEPOSIT DEPARTMENT

This marble staircase leads from the center of the main banking room to the safe deposit vaults in the basement.



Safe deposit department, Liberty Central Trust Company



Entrance to the safe deposit vault, Liberty Central Trust Company



Italian Discount and Trust Company, New York

The Italian Discount and Trust Company Resumes Business

A MOST commendable occurrence in New York banking circles was the successful resumption of business on February 15 last of the Italian Discount and Trust Company, which had been closed since December 29 last, as a result of the failure of its parent bank, the Banca Italiana di Sconto, Rome, Italy, which closed its doors on the same date, thereby closing nearly two hundred branches scattered throughout the world. The closing of the Banca di Sconto marked one of the large failures in international banking circles in recent years.

Instead of admitting that the Italian Discount and Trust Company was a failure, its officers set about to rehabilitate their institution, according to Mr. Potter, the vice-president representing American interests. This task seemed almost hopeless, as the Italian Discount and Trust Company had on deposit with the Banca Italiana di Sconto the equivalent of almost six million dollars in lire, representing the majority of savings of all their Italian depositors.

while the Banca Italiana di Sconto had only three million dollars on deposit with the Italian Discount and Trust Company. The problem of the officers was to have the Banca Italiana di Sconto receivers release some one hundred and thirty million lire to the Italian Discount and Trust Company or have some other Italian institution assume the liabilities of the Banca Italiana di Sconto to the Italian Discount and Trust Company. Both of these plans seemed well nigh impossible, as the first meant giving a preference to the Italian Discount and Trust Company over all their branches and the second meant some other Italian institution assuming an almost certain loss merely from a standpoint of patriotism to Italian American depositors.

Fortunately, E. Gerli, president of the Italian Discount and Trust Company, and one of the most distinguished Italians in America, was in Italy when the bank suspended and, due to his unceasing efforts in Rome together with those of the officers of the bank in Amer-



JULIAN W. POTTER
Vice-president



GIOVANNI GIRARDON
Vice-president



Main banking room and officers' quarters

ica, the Banca d'Italia, which is the largest of the three Government banks of issue for the Kingdom of Italy, patriotically assumed the liabilities of the Banca Italiana di Sconto and made available all the funds held by them which belonged to the Italian Discount and Trust Company of New York, thereby permitting the American institution to reopen with its capital and surplus of \$1,500,000 unimpaired. In the meantime the local officers had succeeded in liquidating practically all of the bank's loans, and their opening statement showed more than \$11,000,000 in cash to meet \$9,000,000 of deposits. The company has now severed relations with the Banca Italiana di Sconto, and is doing its Italian business with the Banca d'Italia.

The Italian Discount and Trust Company was established on Armistice Day by an American banking firm and

the Banca Italiana di Sconto of Rome. Julian W. Potter represented the American stockholders as vice-president, and Giovanni Girardon represented the Banca Italiana di Sconto interests as vice-president. Under their able management the bank made great progress. In April, 1921, the American stockholders sold their interest in the Italian Discount and Trust Company.

The unfailing confidence of the depositors was another remarkable phase of the situation, as evidenced by the lack of large withdrawals and the depositing of substantial new funds, and it is freely predicted that the ability and resourcefulness of its present officers, who have pulled it through the crisis, will make the Italian Discount and Trust Company again one of the leading Italian banks in America.



The Security National Bank Savings and Trust Company of St. Louis

By J. Lionberger Davis

Chairman of the Board

THE Security National Bank Savings and Trust Company of St. Louis is a new type of national bank which has been organized to meet the growing demand of those who want to deposit their money in a bank which makes no commercial loans, but safeguards its depositors by investing its own funds and all of its deposits only in high grade securities which are suitable for trust and savings bank funds.

The fundamental principle of the bank is to render specialized service to those who want to save, with the greatest possible safeguards; invest wisely, with the greatest security; and put their property, while they are alive and can observe or participate in its management, in such shape that they may enjoy it during their own lives, and give it

permanent form for the benefit of those who follow them.

The capital and surplus of the bank and all of its deposits, except cash and other reserves, will be invested in high grade securities which are suitable for the investment of trust and savings bank funds. A list of these investments will be published from time to time for the information of stockholders and depositors. The prevailing rates of interest will be paid on savings accounts of any amount; and on checking-accounts of over \$500 average balance. The bank will accept time deposits and issue certificates therefor and will sell foreign exchange and travelers' checks and issue letters of credit.

No commercial loans will be made; and no collateral loans, except upon se-

curities of the same kind and grade as the bank would purchase for its own account. No loans will be made to any director, officer or employee of the bank; and no securities will be purchased directly or indirectly from any director, officer, employee or stockholder of the bank.

The bank will take part in no promotions and will have no interest of any character which will prevent it or its officers and directors from giving sound and unbiased advice and service to its patrons.

The bank will specialize in the following investment and trust services: investment advice in the purchase and sale of securities for its patrons; custodian for the safekeeping of securities, collecting the income therefrom, rendering statements and remitting such income at stated periods; agent and trustee for the living who wish to create an estate and observe and participate in its management during their own lives; executors and administrator for the administration of testamentary trusts; continuous service for heirs—the bank will continue to serve the beneficiaries of the deceased either as trustee under the terms of a will or as agent of such beneficiaries by voluntary agreement.

Any service which the bank can render to those who are savers and investors will be offered on reasonable terms so that its patrons may accumulate capital and create a fund which, when wisely invested, will enable them to look forward to the "rainy day" or to the time when their house must be in order before their active life ceases. The bank will not offer or perform legal services because its directors believe that a bank is a financial institution and should confine its activities to financial service.

The investment committee, consisting at present of the following directors: J. Lionberger Davis, Byron W. Moser, Fred L. Denby, George F. Steedman, Joseph W. Lewis, Louis H. Waltke and L. Guy Blackmer, will pass on all investments of the bank and its patrons.

The following investment rules have been adopted by the board of directors:

1. The first and all-important is absolute security of principal.

2. Buy only from a reputable, experienced bond house; and *buy*—do not let anyone sell to you.

3. Study general conditions affecting interest rates and classes of securities, and do not hesitate to sell what you would not at the time buy.

4. Diversify investments, when possible, both in character and geographical distribution, and buy seasoned bonds rather than new issues. Do not invest in multiples of more than \$25,000 for the present.

5. Buy bonds of the United States and bonds guaranteed unconditionally by the United States.

6. Buy no municipal bonds of any state, county or city which has not a good record—no matter what the temptation may be. Buy no bonds of cities with less than 20,000 population, unless they are suburbs adjacent to large and growing cities. Buy no bonds of any city which is losing population, and refer to the United States Census reports for this information. Buy no state, county or city bonds if the non-income producing debt exceeds, or may by law exceed, 10 per cent. of the *assessed* valuation and avoid bonds of counties and cities which are dependent on one crop or industry. Buy no county bonds unless the population is over 20,000. Buy all other state, county and municipal bonds; but watch them and periodically check up statements relating thereto to see that their fiscal practices are sound. Compare assessed valuations from time to time to see if there are any unusual changes.

7. Buy only the highest grade railroad, public utility or industrial bonds; and then only listed or quoted securities. See that there are strong issues of junior securities behind the bonds you buy and that there is as much stock (on which dividends have been paid for at least two consecutive years) as bonds outstanding. Buy bonds issued under closed mortgages only, unless restrictions are sufficiently sound with respect of further issue. Buy bonds of only the strong railroads (following the rules of the Massachusetts, New York and Connecticut Savings Bank Laws) and of only the strong utilities serving

larger cities. For the present avoid street railway bonds and industrial bonds.

8. When offerings are made, have them presented in writing; and, before buying, detach names of sellers so that after you have made sure that the bonds are absolutely sound you will consider price, interest-rate and yield only.

9. Do not let bond salesmen talk to you. Do your own thinking, which, however little your experience, is more than you can expect from a man who wants to sell bonds on a commission.

10. If in doubt about a bond, ask

two good disinterested bond houses about it, and if both do not agree that the bond is absolutely sound and safe, let it go. Remember always that you are performing a sacred trust. Consider the money you invest as the last funds of your wife, mother or sister—all they will have for their support.

The new bank is at Eighth street between Olive and Locust streets in St. Louis. The officers are: J. Lionberger Davis, chairman of the board; Byron W. Moser, president; Fred L. Denby, vice-president and cashier; Leo J. Quinn, assistant cashier.



Some Bank Credit Problems

QUESTION: In analyzing a financial statement, how do you consider fixed charges such as interest on bonded debt, short term serial note payments and interest, and sinking fund requirements?—W. M. B.

ANSWER: It is indeed very important that all fixed charges such as you mention which are payable within twelve months from statement date be included among the quick liabilities or the proper notation made elsewhere. Mortgage or other bonded indebtedness which does not become due for a period of years is, of course, considered a slow asset and has no particular bearing on current working capital against which bank lines are based. The interest on this bonded indebtedness for the coming year, however, is a very quick liability, and if the full amount is not included with the liabilities on the statement, notation of the coming payment should be made on the back of the statement analysis form and given due consideration when analyzing the statement.

Short term serial notes maturing within the current year are also a quick liability, as well as the interest on the total issue. The balance of the issue, maturing in later years, may be considered as slow unless it is evident that the company will have some serious difficulty in making payment or satisfactorily refunding the notes. If the interest on all of these notes for the coming year is not included with the liabilities on the statement, due notation should likewise be made on the back of the analysis form as before mentioned.

Sinking fund requirements for the current

year are a quick asset and should not be overlooked when setting up the statement or when making an analysis. In this connection it is well to compare fixed charges, such as described, with net earnings for the past year or with average earnings. If such charges have been but barely earned, there is the possibility that sooner or later the company may have a poor year, certain charges not paid, and as a result foreclosure proceeding brought by certain bond or note holders.

Where there is a note or bond issue, another important point of consideration is to ascertain whether or not the indenture under which these securities have been issued requires or demands at all times a certain relationship between net current assets and bonded indebtedness. Such covenants are often very attractive and necessary to the bondholders, but are points of grave consideration to the bankers which are extending accommodation to the company on straight paper. An illustration of this point may be found in the affairs of a well known company which is now in the hands of receivers. The indenture in this case stipulated that the net quick assets should at all times equal or exceed the bonded debt and in case of failure to maintain this relationship the bondholders had the right to foreclose. For some years after the bonds were issued the company made progress and the banks continued to accommodate it in large sized amounts. After the war, however, when conditions were not so propitious and everyone was feeling the effects of inflation and subsequent deflation, the net current assets of this company fell slightly below the bonded indebtedness, and although the cur-

rent assets were approximately ten times current liabilities and sales had increased, the bondholders took action and a receiver-ship followed.

Judging from the foregoing, it can be seen that fixed charges of all kinds should be given very careful consideration by the bank credit man, and also the important features of the bond indenture should be kept in a prominent place in the credit folder.

QUESTION: Is the paper of a company having a surplus considerably in excess of its paid-in capital considered a proper banking risk, and if not please state reasons?—F. G. L.

ANSWER: The mere fact that a company's surplus is larger than its capital is in itself hardly a cause for criticism. In these days of tremendous deflation, when so often a sudden fall in prices and consequent inventory depreciation have wiped out a company's surplus almost entirely, a strong showing in this particular is usually looked upon as a favorable sign. It must be remembered that there may be some particular reason for allowing surplus to increase to a larger size than the capital stock. For instance, it may be that the capital stock tax in the state of incorporation is very high, and for this reason the amount of actual invested capital is kept at a small figure. Or it may be that the stock of the corporation in question is closely held, perhaps exclusively by the members of one family, and that these have no desire or reason for extending the capital to larger proportions.

It must also be remembered that a large surplus is often an evidence of good earning power. Every company which is well managed should in normal times be able to earn more than the actual requirements for current and fixed charges and dividends, and as a result the gradual increase in surplus earnings may in time mount into a large figure and possibly overshadow the original paid-in capital. Of course, if surplus is increased merely by appreciation of real estate and property through a re-appraisal, by the insertion of good will or because of other bookkeeping entries, the increase in surplus will represent simply an inflation of already existing values, and will not be the result of any increased or accumulated earning power by the corporation in question.

The reasons that cause a very large surplus sometimes to be regarded as a danger signal are as follows: It is claimed that with this condition existent, it is quite possible for the directors or the majority stockholder of a company to suddenly declare unusually large dividends and by this means diminish or impair the concern's surplus to such an extent that it may be in danger of becoming insolvent. It is argued that directors cannot legally pay dividends from capital or impair capital by paying dividends from

unearned surplus, but there is nothing to prevent them from making large payments from earned surplus. While this contention is true it must be remembered that surplus is not by any means entirely cash, but is represented by cash, merchandise, receivables and other assets, and only by converting a large portion of these items into cash could a concern's surplus be paid out in dividends. Of course, this might be done in one way or another, but, generally speaking, a bank would not be doing business with a company whose moral risk could be so subjected to doubt. Again, there would ordinarily be little to be gained by paying out excessive dividends with the evident intent of wrecking the business, and could the intent be proven the directors would no doubt be held legally responsible for their action and be obliged to make repayment. One or two instances come to mind at this time, especially that of a well known railroad, where directors were made to repay a large sum because of their illegal action relative to dividends.

In order to obviate the danger of any such contingency arising it is generally conceded that banks should require the endorsements of the principal parties at interest when extending accommodation. Not only should the banker know the worth of these endorsements as well as something about the other interests and activities of the endorsers, but he should, of course, have a full knowledge of the ability and experience of the management, conditions in the line, prospects for future success, et cetera. It is needless to say that if the endorsers are actively engaged in the management of the business the risk is possibly a better one than if they are connected with various enterprises and consequently not as vitally interested in the success of the particular business.

Everything else being equal, bankers would, on the whole, no doubt, prefer to see a surplus of moderate size yet one which reflects a good earning power and would care for contingencies and losses, without permitting capital to become impaired.

QUESTION: If receivables are discounted by a concern at its bank, should mention of this financing be shown in the balance sheet, or should merely a notation be made at the bottom of the statement setting forth this contingent liability?—R. L. D.

ANSWER: It is immaterial as to which method is followed if the fact that receivables have been discounted is clearly set forth somewhere on the face of the statement form. When referring to receivables in this question we assume that you refer to notes receivable and trade acceptances, as these are the kinds of trade paper which may be discounted. Accounts receivable rep-

resent open book accounts, and the seller or creditor has no actual notes or written negotiable promises of payment. He, therefore, cannot discount accounts receivable at his bank, although he can, of course, assign them in certain directions should he so desire.

The two methods of indicating on a statement that receivables have been discounted are as follows: First, to show with the assets both the full amount of receivables owing and the amount discounted, and to extend the remainder or the amount still owned as an actual quick asset; second, to include with the assets merely the remainder of those not discounted, and to mention in a footnote that certain bills have been discounted and not yet paid.

The discounting of receivables never creates a direct liability and hence the amount under discount cannot accurately be placed with accounts of bills payable on the liability side of the statement. In other words, a mere shifting of assets takes place, the item of cash being increased and that of receivables lowered. No direct liability is incurred as, for example, when borrowings from a bank are made on straight paper and actual direct promissory notes given.

The discounting of receivables, however, creates a contingent liability due to the fact that while they will no doubt be paid by the makers, there is a possibility that they may not, in which event the concern discounting them will be responsible to the bank for payment. As there is no offsetting entry for such a contingent liability, it is customary to set forth this contingency as above mentioned.

It is always well for a banker to ascertain (by direct questioning or otherwise) as to whether a customer has any contingent liabilities on statement date or in fact at any other time during the year. Some customers neglect to mention these matters, either willfully or because of ignorance as to their importance, and it is, therefore, up to the banker to look into the matter. For example, certain concerns may have contingent liabilities throughout most of the year, yet will clean these up at statement time and can consequently answer that they have no contingent liabilities on statement date. If the banker does not go further in his questioning, therefore, he may overlook some important matters which will have quite a direct bearing on the credit risk.

The question as to whether receivables should or should not be discounted is one which is often discussed among bankers. Generally speaking, there seems to be no serious reason why receivables should not be discounted, as the borrower obtains additional working capital. Most concerns, how-

ever, obtain the major portion of their funds from the discounting of their own promissory notes, and the discounting of receivables is confined to emergency borrowings and is more or less infrequent. In some kinds of business, of course, many trade acceptances and notes are received, and in such cases bank lines of accommodation might be almost entirely based on receivables.

From the banker's viewpoint there is likewise no great objection to the discounting of receivables, as such paper is two name and possibly somewhat safer than the usual single name paper. The desirability of receiving such paper depends somewhat on the treatment of the banks concerned. In other words, it would be unfair for one bank to obtain receivables entirely whereas another bank having the account was accommodating the concern only on straight paper. The second bank would be basing its accommodation upon the concern's current asset position and this position might be more or less undermined by the discounting of a large amount of receivables.

Some houses not only use the borrowing facilities of their banks, but also sell part or all of their receivables and open accounts to what are known as discount companies or commercial bankers, and often at high rates of interest. Where this practice is followed it is quite evident that the borrower is trading a little too actively for the amount of capital involved, and the matter should be watched carefully so that the concern in question will not become overextended. The ordinary purpose of bank borrowing is to enable the business man to carry his receivables and to buy and make up goods for sale. If too large an amount of business or trading is done for the amount of actual invested capital, the banks having the account may find that their funds are being used in the capacity of permanent rather than temporary capital and when they wish to withdraw later on may be unable to do so.

The Bankers Magazine has secured the services of a capable bank credit man to answer the inquiries of readers on current problems of the credit manager. Questions of general interest to credit men and bankers will be answered and only the initials of the person asking the question will be used. In case the question is not one of particular interest to bank credit men as a whole or one which has been answered before, a reply will be made by mail.

In order that all questions may be answered intelligently, it is requested that they be direct and to the point but that sufficient necessary detail be included to enable the editor to draw the proper conclusion. Inquiries should be addressed to the Editor, Bank Credit Problems, The Bankers Magazine, 253 Broadway, New York.—Editor.



THE POWER BEHIND THE BANK

Is the Character of the Men Who Direct It

OUR OFFICERS

are men of character and judgment, with many years of broad banking experience

Executive Managers

N. A. McMillan

F. O. Watts

Walker Hill

President

F. O. Watts

Cashier

Charles L. Allen

Vice Presidents

Richard S. Hawes

C. E. French

W. T. Ravenscroft

E. C. Stuart

Walter W. Smith

M. E. Holderness

Frank O. Hicks

J. R. Cooke

F. V. Dubrouillet

W. F. Gephart

Joseph S. Calfee

C. Hobart Chase

Bert H. Lang

Assistant Cashiers

E. G. Coffman

Jas. McCleave

D. A. P. Cooke

R. Palmer McElroy

A. W. Hail

C. H. Morris

H. Hail

C. B. Schmidt

F. C. Hunt

Wm. C. Strauss

Richard L. King

L. M. Watts

Oliver G. Lucas

Auditor

William C. Tompkins

OUR DIRECTORS

are men prominent and successful in the business world, well acquainted with the scope of the bank's operations

N. A. McMILLAN

WALKER HILL

EUGENE H. ANGERT

Jones, Hocker, Sullivan & Angert

Attorneys at Law

W. C. ARTHURS

President Mt. Vernon Car Manu-

facturing Co.

Mt. Vernon, Ill.

JAMES F. BALLARD

Manufacturer and Wholesale Dealer

in Proprietary Medicines

JOSEPH D. BASCOM

Chairman of the Board Broderick &

Bascom Rope Co.

JOHN I. BEGGS

President and General Manager

St. Louis Car Co.

WILLIAM K. BIXBY

President Washington University

AUGUST A. BUSCH

President Anheuser-Busch

L. RAY CARTER

Carter Commission Co.

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THOS. H. WEST

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Chairman of Board Chicago Lumber

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WARREN GODDARD

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Warren, Jones & Gratz

JOHN L. GREEN

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JOHN B. KENNARD

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H. H. LANGENBERG

President Langenberg Bros. Grain Co.

E. K. LUDINGTON

President Chase Bag Co.

EDW. MALLINCKRODT

President Mallinckrodt Chemical Works

E. D. NIMS

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System

H. L. PARKER

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JOHN F. SHEPLEY

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MOSES SHOENBERG

Vice-President May Department

Stores Co.

Member of Firm Sydney M. Shoenberg

Securities Co.

A. J. SIEGEL

President Huttig Sash and Door Co.

GEO. W. SIMMONS

Vice-President Simmons Hardware Co.

WALLACE D. SIMMONS

President Simmons Hardware Co.

M. E. SINGLETON

President Missouri State Life Insurance

Co.

JAMES E. SMITH

J. CLARK STREETT

J. D. Streett & Co.

M. B. WALLACE

Chairman Board Cupples Company

President Union Bag & Paper

Corporation

OUR STRENGTH IS REFLECTED IN
TOTAL RESOURCES OF OVER \$126,000,000.00

Affiliated with the
St. Louis Union Trust Co.



Affiliated with the
First National Company

Largest National Bank West of the Mississippi

Banking and Financial Notes

SPECIAL

 **THE BANKERS
MAGAZINE**

SECTION

Review of the Month

The Business Situation Throughout the Country as Reflected
in the Opinions of Banks and Bankers

THE attacks of the agricultural bloc in Congress upon the administration of the Federal Reserve System and the effort to obtain by legislation special recognition for the farmer interests in the personnel of the Federal Reserve Board constitute a grave menace to the services of the Federal Reserve System and, in consequence, a menace to the country's welfare," declares "The Guaranty Survey" of the Guaranty Trust Company, New York. The survey continues:

While the proposed legislation in its most dangerous form, that of explicitly requiring the President to appoint a farmer to the Reserve Board, has been modified, the substitute, which has been passed by the Senate and which increases the membership of the Board on the reported understanding that a farmer will receive the appointment, does not disguise the purpose of the agricultural interests to secure special treatment.

While there is validity in the contention of the farmers that the operation of economic forces at present reacts unfavorably on their position, it is clear that the course now being pursued in Congress will not only fail to alleviate the adverse situation but will render it more complex and difficult of correction. Any attempt in contravention of economic laws, in this case as regards money and credit in relation to the agriculturists, to secure the advantage of special interests must inevitably arouse false hopes and delay necessary adjustments in accordance with sound economic principles. Moreover, the placing of a "dirt" farmer on the governing board of the national banking system cannot serve the agriculturists as a medium for solving their problems.

The Federal Reserve Board, the Advisory

Council of the Board, and numerous students of banking practice and principles have repeatedly cited incontrovertible evidence that the agricultural districts have not been discriminated against in the matter of granting credit. The report of the Congressional Joint Commission of Agricultural Inquiry contains further supporting data.

FEDERAL RESERVE SYSTEM'S COOPERATION

That the Reserve banks have cooperated in extending assistance to farmers with unstinted liberality is indicated by the fact that, contrary to the statement that credit to the farmers was withdrawn during the fall of 1920, the Reserve banks in industrial centers were advancing approximately \$200,000,000 to the Reserve banks in the agricultural districts in November of that year, when loans were at the peak. In other words, when the Reserve banks in the essentially agricultural districts, in consequence of liberal aid to farmers, were endangering their gold reserves, they were permitted to borrow (from the East) to maintain their reserve positions.

From the first week of May, 1920, to the last week of April, 1921, the loans of the Federal Reserve System to member banks in non-agricultural districts decreased more than 28 per cent., and loans in semi-agricultural districts remained practically stationary. Loans to member banks in agricultural sections, on the other hand, increased by more than half in the same period. Answer to the criticism that the Federal Reserve Board has authorized or allowed the lending to speculative interests in the eastern financial centers of funds which should have been used for purposes of agricultural development in the West need take no other course than a reference to the Federal Reserve Act.

The Federal Reserve Board has no money to lend and is not, itself, engaged in practical banking. The Board is the supervisory

ing body of the Reserve banks, whose governing bodies themselves have the discretion to discount the paper of their member banks, in the West and South as well as in the East, so long as this paper originates in bona fide transactions and meets the other requirements as regards maturity, etc., as defined in the Federal Reserve Act.

The most significant feature of the effort to impair the integrity of the Reserve Board is perhaps the fact that it is an exemplification of the potentialities of a class legislative movement. Whereas the farmers seem to believe that they are achieving a "victory," though it in no wise gives them control over the fundamental factors which underlie the depressed state of their industry, the responsible group in Congress has secured a degree of power and prestige which does not augur well in view of impending legislation. The most objectionable features of the emergency tariff act are the outcome of this influence, which has also been largely responsible for the enactment of an economically unsound tax law that is constricting business and commercial initiative and from which the farmers as a class suffer fully as much as any other element. Uncurbed, such powerful interests may go to still further lengths with dangerous legislation.

CLASS LEGISLATION

The present class agitation in many respects is not unlike that which developed during the agrarian movement which was initiated soon after the Civil War and which culminated in the nineties, with attempts to force a "sufficient" issue of Government paper money, the abolition of national banks, and a revision of the tariff dictated by narrow class interests. In a period in which economic forces are unsettled and are seeking to find proper relationships, a lack of understanding of the fundamental elements in the situation is not uncommon. A concerted movement based on a misconception of the causes and the remedies for such a situation oftentimes may gain considerable headway and result in unsound legislation before its dangers are realized and corrective action is undertaken. The experience of the past should teach the farmers that their prosperity cannot be effected apart from the readjustment which the whole world is striving for and that it can be restored only when the causes of the general maladjustment are recognized and means found to eliminate them.

DISTURBANCE IS WORLD-WIDE

By now it should be fully understood that the depression is not confined to this country, but is world-wide. A general but uneven decline in prices and involuntary unemployment have resulted in a reduction of the purchasing power of most classes of consumers. It is this world-wide industrial and commercial disturbance, rather than re-

stricted credit, that constitutes the heart of the farmers' problem.

Largely because prices of farm products have declined further from the peak levels of 1920 than many other prices, the condition of the agricultural industry is acute and requires, perhaps, special treatment. The farmer's land represents a large capital investment relative to output and his chief cost of operation is labor cost. The farmer's turnover is infrequent compared with that of the manufacturer, who, moreover, when he finds costs mounting or his market diminishing in absorptive power, may generally suspend or curtail production with relatively less loss than can the farmer. The farmer's annual crop, usually a single commodity, on the other hand, is his one source of profit. Generally speaking, he must continue to produce, and frequently he must even sell on an over-produced market.

The peculiarities of the farmer's position, then, require consideration. Federal Land Banks have already been established with broad lending powers. Joint Stock Land Banks serve exclusively rural communities; and the activities of the War Finance Corporation are largely in behalf of the farming and stock-raising interests. Moreover, before these institutions were created, the Federal Reserve Act recognized the fact that the farmer requires more time to produce and market his crop than does the manufacturer to market his product by making six months' agricultural and livestock paper eligible for rediscount, as against eligible maturities of only ninety days for other paper.

Other possible aids are available, but are largely overlooked by the farmer himself. The great body of state banks, about 20,000, forming approximately two-thirds of the total banks of the country, a great many of them in the South and the West, declined to join the Federal Reserve System in which they would have the opportunity of rediscounting the farmers' paper. Furthermore, inasmuch as the member banks, and not the Reserve banks, lend to the farmers, and criticism of credit allocation should be directed toward the member banks in the agricultural regions—the farmers' own banks.

THE BETTER COURSE

Further remedial measures, free from the influence of political self-interest, are in prospect. The Joint Commission of Agricultural Inquiry is considering a plan which contemplates broadening the facilities of Federal Land Banks for aiding the agricultural sections. It purposes to increase the powers of these banks by permitting them to discount agricultural or live stock paper with maturities of from six months to three years, and to make this paper eligible for rediscount with Federal Reserve Banks, when its maturity is six months or less.

It is through supporting such propositions

In the Center of Things:



John G. Lonsdale, President

A large bank in a large business center; located in the valley metropolis that marks the crossroads of continental rail and river traffic.

The strength of sound banking practices—of a desire to cooperate fully—of 64 years' experience—of accurate, rapid service in seven departments, all national—these qualities of strength not expressible in figures have attracted to us as patrons some of the most important banks in the territory we serve.

*Correspondence and inquiries of
banks and bankers invited*

The NATIONAL
BANK OF COMMERCE
IN ST. LOUIS

as these that the farmers will derive the most immediate and lasting good, rather than by encouraging an attack upon the Federal Reserve Board and attempting to make it subservient to their special interests. Neither the farmers nor any other economic group can gain by destroying the bases of independent action by the Federal Reserve Board. If one powerful economic group may rightly insist upon representation on the Board, in its own interest, any other group may with equal propriety demand a like advantage. The full effectiveness of a great banking system like ours can be preserved only if it is administered in behalf of the common good, not of class interests.

The immediate problem that concerns the preservation of the Federal Reserve System unhampered by selfish motives is best summed up in the Advisory Council's statement of the cardinal principles of the Federal Reserve System. These are that the System should, first, maintain its character as a reserve system and keep its assets "safe and liquid"; and, second, the independence of the Board must be "strengthened and protected" by obtaining the services of men of the highest intelligence and integrity, free from political or other selfish influences.

QUESTIONNAIRE ANSWERS ENCOURAGING

"It is encouraging that 70 per cent. of our correspondents describe the general situation as 'fair,'" says a special report on business conditions, issued by the Liberty Central Trust Company, St. Louis.

"Questionnaires were sent to banks in southern Illinois, Missouri, Arkansas, Oklahoma and Texas, and the report voices the composite opinion of some 200 authorities whose daily duties require close knowledge of the facts."

Excerpts from the report follow:

In considering the data as compiled, we should bear in mind the distinction between fundamental business barometers and local conditions. We firmly believe that the worst of the depression is over. Farmers, on the other hand, having in many cases sold their crops at a loss, may properly be excused if they sometimes regard the future with doubt, and accept nothing as true until it be proven in concrete form. Even though the "glass" may read "fair" for tomorrow, the weather at present, in spots, is still cloudy.

Considering the above, the high percentage of "fair" replies is said to be a very favorable omen, without attempting to discount the fact that the situation admits of improvement.

A substantial proportion of our reports state that conditions are better than they were six months ago. This is particularly true of the South, wherever even a fair crop of cotton was harvested. The unexpected rise in price spells the reason.

The 1921 harvest enabled a good many farmers to liquidate, but comparatively few succeeded in making any money. About a sixth of the reports received, coming mainly from Texas, Oklahoma and Arkansas, indicate that as a rule the farmers did better than break even.

Cotton was a more successful crop, from a financial standpoint, than corn or wheat. Sixty per cent. of the replies state that cotton paid some profit, and about 15 per cent. additional assert that the producer broke even. Corn made a better record than wheat, due to the fact that it often made money when fed to stock. Rice seems to have paid expenses at least, and in some cases was profitable.

The principal industries are usually in no better than "fair" condition. This applies to coal mining, lumbering, lumber manufactures, lead and zinc, building and live stock. In each case a few reports say "good," with the remainder divided quite evenly between "fair" and "poor." In this respect, the situation is reasonably uniform over the territory. Coal mining, however, is better in Missouri than in the more important producing sections. Building activity seems to be least in our own state and best in Illinois.

Due to higher prices the petroleum industry is a bright spot in the general situation; it ranges from "fair" to "good" almost without exception. Dairying, which through these months of depression has brought needed revenue to many farmers, is principally in fair shape or better.

Although retail buying is seldom active it is mostly "fair," and in a considerable number of instances it is as good or better than at this time last year.

The Disarmament Conference, as a factor in restoring European markets, has aroused some interest in the agricultural districts, but it is clear from the report that many people are too much absorbed in local affairs to realize how important is this international movement.

Cotton acreage will apparently be increased in the St. Louis territory, more often than reduced, especially where the 1921 yield was fairly good. Some bankers in southeast Missouri expect the area planted to be doubled.

With regard to obstacles blocking a complete return to prosperity, the report says: "Opinion runs strongly to three factors. Present freight rates come first; price maladjustment is a close second, and the labor

situation, high wages especially, is third. Expression on these subjects clearly shows that they are often thought of together, the underlying idea being that low farm prices are causing depression and that contributing factors are high freights and wages. The foreign situation—markets, exchange, political and economic questions—is next on the list.

It is surprising that a number of bankers give, as a great barrier to normalcy, the tendency toward "loafing" and extravagance. As one correspondent puts it, "Get out of the Ford and on to a plow—spend less and work more." Most of us had begun to think that such advice was no longer needed.

Other obstacles mentioned are poor crops, lack of domestic markets, high taxes, tight money and lack of faith.

We can be encouraged by the sentiment which preponderates regarding the future. Of our reports a substantial majority view 1922 with confidence. The psychological element today is very important, and it is gratifying to note this existence of good morale in the face of difficulties.

DISTRIBUTION OF INCOME

Regarding distribution of income the current letter of the National City Bank of New York says:

Society the world over is in a state of disorganization and confusion. Millions of workers are without employment or regular income, and their dependent families are in distress. In the United States the crops of foodstuffs have been ample, but the producers are unable to dispose of them at remunerative prices because the would-be consumers are unable to buy. That this state of affairs is deplorable all are agreed. Nobody desires it to continue, but there is lack of agreement as to what may be done to remedy the situation.

There is a prevalent opinion that some authority or group of leaders might set everything right if only it was impressed with the necessity for doing so. This bank receives letters, evidently written in all sincerity, urging that the great banks take speedy steps to afford relief. The banks are as much interested in the revival of prosperity as anybody can be, but have no control over the situation. The Government at Washington is urged from many quarters to do something forthwith, but the officials of the Government have enough to do to make its own financial ends meet. The Government has no control over the fundamental factors in the present situation.

Prosperity is a state which exists when everybody is able to readily exchange his labor or products for the labor or products of others. The terms of those exchanges have to be agreed upon by the immediate parties to them. Neither the Government



A Complete Financial Service

WITH enlarged facilities and greater resources The Seaboard National Bank, now located in its new modern bank building, is in a position to render its customers and friends a financial service of larger scope than heretofore—and a service, too, that will meet your every requirement.

We offer you a complete commercial banking service, both domestic and foreign, together with excellent facilities for the handling of all fiduciary matters through our well organized Trust Department.

Our officers will welcome the opportunity to explain in detail the practical value of the special features of this complete financial and trust service and the benefits you can derive from it in a personal and business way.

The Seaboard National Bank

of the City of New York

Broad and Beaver Streets

Capital, Surplus and Profits over Eight Million Dollars

nor the bankers can say how many bushels of corn shall exchange for a pair of shoes, a suit of clothes or a ton of coal, and these exchanges are the seat of this present disorder. When it suddenly takes two or three times as many bushels of corn to buy shoes or clothing, stagnation in the shoe and clothing industries naturally results. The purchasing power of the corn-growers is curtailed.

INDUSTRIAL DISCONTENT

The explanation of the disorder which exists in industry is to be found in the state of mind of the workers. It cannot be doubted that as a result of agitation that has been going on for years the wage-earning population has become to some extent imbued with the idea that wage-earners have been unfairly dealt with by the employing class. Many of them believe that they have not received a fair share of the fruits of their labors, and have determined to do less work and get more for it. One natural effect of this belief is to reduce the efficiency of the individual worker. Of course, no one will work with good heart if he thinks he is unfairly dealt with. Another effect is a want of harmony between organized labor and the employers which interferes with the effective direction and management of industry. Of what use is it to appeal to bankers or employers for remedies for un-

employment when their opinions and advice are viewed with suspicion and they can do nothing without cooperation?

What is the truth about the division of the industrial product? Do employers as a class obtain an excessive and unfair share of it and the wage-earners as a rule less than they ought to have? Is the distribution an arbitrary one, determined by employers to suit themselves, or is it a varying one, determined by industrial conditions and economic law?

Numerous calculations have been made from time to time by statisticians from the available data, and the data is increasing from year to year as statistical reports upon production are extended and made more complete. The taxes levied by the Government upon incomes and the reports required in that connection have added much to available material.

WHO GETS THE INDUSTRIAL PRODUCT?

Evidently it is highly desirable that a careful study of the distribution of current wealth shall be made. What becomes of the industrial output of the country? For whose benefit does this great industrial organization function? In whose service are the thousands of factories running and the railroads kept in operation? For whose ultimate benefit are the great sums of capital raised, as represented by the daily bond

G



Chartered 1836

Institutions Desiring Philadelphia Connections

are invited to avail themselves of the Banking, Trust, Real Estate and other facilities of this Company, which is now serving many clients in other cities.

The continued growth of this Company, without consolidation, since its establishment under perpetual charter in 1836, is evidence of the satisfactory service rendered.

Capital and Surplus . . .	\$10,000,000
Resources	55,000,000
Individual Trust Funds	275,000,000

Corporate Trust Funds . . . \$1,278,000,000

GIRARD TRUST COMPANY

Broad and Chestnut Streets, Philadelphia

Member Federal
Reserve System

Effingham B. Morris
President

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,500,000 Undivided Profits \$515,000

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and stock flotations, and the great industrial works projected? Do a few owners reap the benefits or are they widely diffused?

And not only is it very desirable that the truth shall be ascertained about distribution, but important that it shall be determined by the cooperative studies of a group of men representing different views upon social and industrial questions. In other words, it is highly desirable to have the facts removed from controversy. It is not to be supposed that men will ever agree in their opinions about all social and industrial policies, but if they can agree upon certain facts, much that is in controversy may be cleared up.

THE NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

For the purpose of creating an organization for economic investigation whose findings would be generally accepted as trustworthy the "National Bureau of Economic Research, Inc.," was organized in New York in 1920. The original board of directors was made up as follows:

Professor Thomas S. Adams, Department of Economics, Yale University; Tax Adviser to the Treasury Department;
Professor John R. Commons, Department of Economics, University of Wisconsin;
John P. Frey, editor of the "International Moulders' Journal";
Edwin F. Gay, editor of "New York Evening Post, formerly head of the School of Commerce, Harvard University;
Harry W. Laidler, secretary of the Intercollegiate Socialistic Society;
Elwood Mead, professor of rural institutions, University of California;
Professor Wesley Clair Mitchell, Department of Economics, Columbia University;
J. E. Sterrett, of Price, Waterhouse & Co., public accountants, New York;
N. I. Stone, statistician and labor manager Hickey-Freeman Company, Rochester, N. Y.;
Professor Allyn A. Young, Department of Economics, Harvard University.

The organization was formed with the above board of directors and vacancies in these memberships are filled by the board itself.

In order to make the management and supervision still more representative, the following organizations were invited to each name an additional member of the board,

with full powers, and pursuant to this invitation the parties named were chosen and have participated in the work of the board:

American Economic Association—Professor David Friday, of the University of Michigan;
American Federation of Farm Bureaus—Gray Silver, Washington, D. C.
American Federation of Labor—Hugh Frayne, New York.
Engineering Council—W. R. Ingalls, New York;
American Bankers' Association—George E. Roberts, New York;
American Statistical Association—Malcolm C. Rorty;
Periodical Publishers' Association—A. W. Shaw, Chicago;
Industrial Relations Association of America—J. M. Larkin;
National Industrial Conference Board—Frederick P. Fish.

The research work was placed in charge of four men, eminently qualified by education and technical experience, to wit: Wesley C. Mitchell, Willford I. King, Frederick R. Macaulay and Oswald W. Knauth.

DISTRIBUTION OF CURRENT INCOME

It was determined that the first study should be into the distribution of the current income of the people of the United States. The subject was approached from two sides, by statisticians working independently, on the one hand from data relative to the production of wealth in the country, such as statistics of the crops, mineral products, transportation, etc., and on the other hand from data relative to incomes received, such as income tax returns, census reports of salaries and wages paid in the industries, etc. A vast amount of information of various kinds is available, much of it fragmentary but valuable as affording opportunities for cross-checking. The two calculations from different sides of the subject check each other so well that for the nine years from 1910 to 1918 the average annual aggregate income of the people of the United States is fixed at \$40,200,000,000 by one method and \$39,700,000,000 by the other method. There are uncertain elements in the calculation, but the investigators agree in the opinion that an allowance of 10 per cent. for error in the main findings is ample.

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THE NATIONAL INCOME AT 1913 PRICES

One of the most interesting features of the calculation is the table showing the aggregate national income yearly from 1910 through the war period and also the purchasing value of that income translated into 1913 values. Calculated in dollars the national income increased from \$31,300,000,000 in 1910 to \$66,000,000,000 in 1919, but calculating the value of the national product at 1913 prices the figures for 1919 are only \$37,300,000,000, showing that the actual gain in product was only about 20 per cent., which is not much more than normal growth for nine years. The figures for each of the years are as follows:

Year	National Income (Billion dollars)	Weighted Index Number of Prices	Purchasing Power at Price Level of 1913 (Billion dollars)
1910.....	31.1	97.8	31.8
1911.....	31.2	98.5	31.7
1912.....	32.4	99.4	32.6
1913.....	33.3	100.0	33.3
1914.....	32.5	100.6	32.3
1915.....	35.9	102.5	35.0
1916.....	45.5	113.4	40.1
1917.....	53.9	135.1	39.6
1918.....	61.7	160.8	38.4
1919.....	66.0	176.8	37.3

The final estimate of the average income per capita, and purchasing power at price

level of 1913, for the years from 1909 to 1918 is as follows:

Year	Population in Millions	National Income in Billion Dollars	Purchasing Power at Per Capita Income in Billion Dollars	Price Level of '13 Per Income in Billion Dollars
1909.....	90.37	28.8	319	30.1
1910.....	92.23	31.4	341	32.2
1911.....	93.81	31.2	333	31.7
1912.....	95.34	33.0	346	33.2
1913.....	97.28	34.4	354	34.4
1914.....	99.19	33.2	335	33.0
1915.....	100.43	36.0	358	35.2
1916.....	101.72	45.4	446	40.7
1917.....	103.06	53.9	523	40.8
1918.....	104.18	61.0	586	38.8

The per capita income shows what would come to each person if all incomes were lumped together and the sum divided equally to the population of the country.

DIVISION BETWEEN EMPLOYEES AND OWNERS

One of the most interesting results, and one which throws a flood of light upon the vexed wage question, is given in table 18. This shows the "division of combined net value product of mines, factories and land transportation between earnings of employees and returns for management and the use of property." The results are given in millions of dollars and also in percentages of the net value of the product, as follows:

Year	Millions of Dollars Wages and Salaries	Millions of Dollars Management and Property	Per Cent. Wages and Salaries	Per Cent. Management and Property
1909.....	\$6,481	\$2,950	68.7	31.3
1910.....	7,156	3,250	68.8	31.2
1911.....	7,287	2,791	72.3	27.7
1912.....	7,993	3,169	71.6	28.4
1913.....	8,651	3,359	72.0	28.0
1914.....	7,947	2,816	73.8	26.2
1915.....	8,722	3,470	71.5	28.5
1916.....	11,630	5,810	66.7	33.3
1917.....	14,375	6,502	68.9	31.1
1918.....	17,472	5,124	77.3	22.7

Note: In this tables "wages and salaries" includes pensions, compensation for accident, etc.; "management and property" includes rentals, royalties, interest and dividends.

The above table includes the large, highly-organized industries, which according to the report, roughly speaking, produce one-third of the national income.

Commenting upon the showing the report says:

Except in banking and government work, which present obvious peculiarities, the percentage of the net product going to employees fell between 1914 and 1916 and rose again between 1916 and 1918 (except in farming). The rapid rise of prices in the first period redounded immediately to the benefit of profit-makers. Wages lagged far behind prices in their rise; but they began to rise rapidly and the number of persons employed increased largely after the advance of prices had slowed down. The net result was that, by 1918, the employees in most industries were getting as large a slice of the product as before the war, and in some cases a decidedly larger slice.

Another significant comment is as follows:

It should also be noted that the available data comes from "going concerns." Losses which such concerns suffer presumably are deducted from profits. But the losses of enterprises that go into bankruptcy or "fail to succeed" in any year are not likely to be re-



Cotton

Cotton has been grown commercially in the Southwest since 1909.

Today it is one of the principal crops of this region—and the basis for a well-established and growing industry in the fabrication of cotton and cottonseed products. The average annual yield for the four years 1918-1921 inclusive, was 84,000,000 pounds.

A recent investigation and report by our **Department of Research and Service** presents some very interesting and important facts concerning opportunities for cotton mills in Southern California.

We will gladly furnish information, without charge, to those interested in industrial or agricultural opportunities in this region.

**Resources
Exceed
\$150,000,000.00**

**SECURITY TRUST
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LOS ANGELES

ported in our sources, and such losses fall mainly, though not exclusively, upon "management and property." We do not know how large such losses are, but they probably make an appreciable offset to the income received by active business men and investors.

Of the division between wages and salaries, the report says:

The indications are that in highly organized enterprises, salaries absorb not much more than 7 or 8 per cent. of the payroll, and not more than 5 or 6 per cent. of the net value product. In prosperous times, they increase less rapidly than wages, but fall little, if at all, in hard times. The net increase from 1909 to 1918 was 145 per cent. in salaries of officials as against 172 per cent. in wages of manual and clerical employees.

A CONCLUSIVE SHOWING

Here is definite information, well authenticated, as to the division of the industrial products, at least so far as the highly organized industries in which large capital and great numbers of wage-earners are employed. It shows that in the ten years under examination wages and salaries absorbed from 66.7 to 77.3 per cent. of the total values produced in these industries, the remainder going to the owners and others supplying capital. This, as the report properly points out, is the showing for the going industries; it does not include industries which have failed, shut down and made no reports of operations. A complete showing of the net return for capital in all

industries would require that these losses be included.

Of course, the share of capital as shown, ranging from 22.7 to 33.3 and averaging for the ten years 28.8, did not all go to rich people. The stocks and bonds of corporations are a common form of investment for people of all classes, and the bonds are very largely held by savings and life insurance companies. Moreover, an important share of the net earnings of the industries is devoted by the owners to enlarging the industries and improving the equipment, which redounds to the benefit of the public even more than to their own advantage.

These figures are something to ponder over. They ought to be brought to the attention of everybody, and particularly of those who are disposed to be critical of the existing industrial order. How much more than 70 per cent. of the industrial product can the workers reasonably claim for their services, as against management and invested capital? Some accumulations there must be for the enlargement and betterment of industry, and some compensation for accumulation and for the responsibilities and risks of ownership are necessary in the common interest. The wage-earners are invited to participate in ownership, and where they take this invitation seriously are soon able to obtain an important share in it.

The opportunity to increase the income of



CONSERVATION

A TIMELY diagnosis and a little friendly treatment will often conserve the credit you have extended to an enterprise.

It is our business to go behind the statement submitted to you by a company you have supported,—to accurately survey its plant, product, methods and personnel,—to lay before you a constructive program of improvement,—and where necessary, to execute that program.

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NEW YORK

the masses by increasing the total production is very much greater than the opportunity to increase it by reducing the one-fourth or three-tenths that now goes to capital.

DISTRIBUTION GOVERNED BY ECONOMIC LAW

The lesson to be found in this study of incomes is that they are governed by economic law, and not, as commonly assumed, by arbitrary power. They are not, in any general sense, within the control of employers, either singly or as a body, to fix as they please; nor can the general wage-level be materially changed by organization among wage-earners. There are certain relationships throughout industry, between the amounts disbursed for wages, required additions to capital, the share of the industrial product which shall be in the form of goods for current consumption and the share that shall be in the form of productive equipment, which in the long run are bound to be maintained. There is a balance, or equilibrium, in industry which must be maintained for the best interests of all; if it is disturbed, the normal exchange of goods and services is interrupted, and although wages may be nominally high they are actually low when unemployment and the cost of living are taken into account. The latter is the state of things existing today.

The situation tends under the free play

of natural forces to make the necessary adjustments and come into balance. The products and services which all classes have for exchange must be so valued to each other that the exchanges can be made. Wages must be high enough to enable the wage-earning class to buy and consume their normal share of the industrial product; otherwise products will accumulate and business will be bad. Likewise, farm products must have a purchasing power compared with other things that will allow the great body of people who live on the farms to take their usual share of goods, or unemployment in the other industries will result. Thus, every class, instead of being interested in fixing its own compensation without regard to the effect upon others, is interested in that right adjustment of values which enables the exchanges to be completely made, and in that manner serves the common interest.

When this idea of the necessary balance throughout industry is fully understood, the costly controversies and trials of strength, the "bloes" and various devices for imposing the will of small groups upon the community, will be seen to have been wholly misconceived and ineffective.

THE WAY OF REAL PROGRESS

The way of real progress is not by petty efforts to "make work" or advance the in-

terests of each group at the expense of the others, for these have the net result of nullifying each other and obstructing all progress, but by the improvement of methods, making labor more effective everywhere, thus bringing more of the comforts of life within the reach of everybody. Every individual, whether he be employer or employee, who does not lend his efforts in good faith to accomplish this end is unfaithful to his social obligations.

When it is realized that seven-tenths to three-fourths of the industrial product goes direct for personal services, it will be appreciated how great are the gains to labor from industrial progress. Every invention, every installation, every investment of capital that increases the industrial output increases the income of labor by approximately three-quarters of the amount.

Conversely, every scheme for reducing the efficiency of labor or compelling the unnecessary employment of labor, thereby increasing industrial costs, offsets and nullifies the achievements of inventors and industrial leaders, and slows down the rate of social progress.

WHAT IS NEEDED FOR "NORMALCY"

"Normalcy cannot be regained at a leap," says Frederick H. Rawson, president, in a recent letter of the Union Trust Company of Chicago, "nor can the results of violated economic law be corrected except by the gradual process of restoring sound economic practices. This process is one of day to day adjustment as we recognize our problems and apply the remedy.

"Normalcy will come," says President Rawson:

As inventories and plant investments are squared with working capital.

As productive capacity and production are squared with actual demand.

As the price levels of commodities again bear some reasonable and logical relation to each other.

As economies forgotten in the period of expansion are again introduced.

As operating costs are forced down promptly and continuously in keeping with the shifting of prices to lower levels.

As pre-war transportation differentials on commodities and for geographical areas are restored with the lowering of rates and fares.

As money rates, both current and time, are stabilized upon levels where money can be profitably used and not constitute an unjustifiable tax upon the prices of the future.

Above all, as shattered confidence in ourselves, in each other, in civilization, and in the inherent justice of things shall be regained.



ESTABLISHED 1889

Resources
Over \$18,000,000.00

Among the most valuable assets of this Bank are the confidence and the esteem of those who know it best.

**THE
PEOPLES BANK
OF BUFFALO**

Main Office
Corner Seneca and Main

Branch
Corner Niagara and Virginia

ECONOMIC CONDITIONS AT THE
BEGINNING OF 1922

"Despite the general soundness of our financial structure and the progress that has been made in commercial liquidation," says Harvey D. Gibson, president of the New York Trust Company, in the *Index*, "we have not as yet created all of the conditions essential to general good times. President Gibson says further:

One outstanding difficulty in the way of recovery is the maladjustment of prices. In the same manner that the distortion of exchange expresses the unsettlement of Europe the inequality in prices is the expression of the lack of adjustment at home. Agriculture, the greatest of our industries, is the principal sufferer in this respect.

The background of good business is confidence; the factors affecting values must be known within reasonable limits—the spread must be limited to what cautious men deem safe. In the present situation it is not known whether other prices will come down to the relative level of agricultural products or whether the movement will be reversed, and while this uncertainty continues we lack one vital condition of prosperity.

The country is faced with some new factors in its national life. Before the war we owed the world two or three billion dollars; the world now owes us twelve to fifteen billion dollars. Heretofore we have generally conducted our tariff programs on the basis of reasonable protection for home industry; but we are uncertain now as to our proper policy in the conflicting situation arising from desire to stimulate and protect home industry and at the same time to sell abroad and make it possible for our debts to be paid.

An effort towards tax reform ended by ignoring some of the most vital principles involved. The future course of taxation is but another of the uncertainties that confuse our national life.

These factors are discouraging, but we are often so close to our daily situation and so impressed by the failure of conditions to respond thoroughly to our efforts, that we frequently lose sight of the substantial benefits accruing even from our troubles.

The rigor of the times is inculcating again the old respect for work. Theories that are ahead of the progress of the race are taking a place in the minds of men second to the necessity for earning a living.

The struggle of labor is concentrating more on existence and less on social and economic theories. Individual and corporate extravagance is growing less. Necessity is bringing back the direction of affairs more and more into the hands of the experienced and conservative. Out of our very troubles, forces arise to correct our fundamental ills

and to rebuild a structure that will support a sustained prosperity.

We believe profoundly in the future of our country; nothing but blindness could suggest that our prosperity will not be greater than before. It requires little optimism to feel that the worst is past and that we are engaged in reconstruction. There should be early improvement ahead for those who have courageously put their houses in order and who are ready to pay by effort for their success.

The times demand effort, not inactivity, but effort tempered by caution and guided by an appreciation of the conditions that now confront the world.

THE PRESENT AND FUTURE OF THE
RAILROADS

"One of the most vexing problems of today is the question of the railroads," says a recent bulletin of Charles Wesley and Company, New York. "The trouble lies," continues the bulletin, "in the fact that not only are the railroads an economic question but a political one and when an economic problem is dominated by politics its solution is generally made more difficult. Inevitably many of our economic difficulties are more or less dependent on political factors for their solution, but where the business aspect is subordinated to political considerations we have a very complicated state of affairs. Unfortunately, the railroad situation is somewhat in this predicament today." The bulletin continues:

THE SITUATION TODAY

What is the situation today? The carriers have just emerged from a trying year in which, as a whole, they have little more than earned their interest charges. Business interests are clamoring for lower rates, asserting that the present levels are hindering business revival. If the carriers, however, put lower rates into effect without a downward readjustment of expenses, they even endanger their interest charges. In order to make some concessions in the matter of lower tariffs to business men with the purpose of stimulating industry, the railroads must further reduce wages, which are the predominant item of expense in operating costs, as this is evidently an essential condition to any lowering of rates. Labor, of course, will stoutly resist any cut in its compensation, but it is probable that during the year the Labor Board, backed by the force of public opinion, will see fit to order a further reduction in wages, and organized labor is unlikely to test its strength against what is tantamount to a govern-

mental body, which will undoubtedly have the powerful support of public opinion. Any resultant saving will be passed on, in part at least, to the shipper and ultimately to the consumer.


THE FUTURE OUTLOOK

The prospect is that 1922 will be a better year for the roads than 1921. This anticipation is based on the greater movement of freight that will arise from gradually reviving business and that induced by probable lower tariffs, as well as on the expectation of lower wages and the results of the abrogation of wasteful working agreements. Improvement, however, will be most noticeable in the latter part of the year as this will be the period when shipments will be greatest. Then the effect of the wage reduction of July, 1921, will be felt with greater force, since in 1921 alone there was an estimated saving in wages of \$900,000,000 compared with the preceding year, although the lower wage scales and the new rules were in operation for only half the year. Looking still further, the expected improvement in 1922 will most likely be carried into 1923, which ought to witness the railroads on a sound basis earning a reasonable return on the capital invested.

THE QUESTION OF THE FARMER

On the question of the farmer a recent letter of the American Exchange National Bank, New York, remarks:

Blinking unpleasant facts is one of the best things we do. A bad situation develops, one that affects us indirectly perhaps, but we do nothing about it—we wait and hope for the best. In some ways waiting is the essence of wisdom, but it is an exceedingly wise man who knows when to wait and when not to wait. Sometimes we comfort ourselves by reminding ourselves that a particular situation is no business of ours; that is, it is nobody's business, because it is everybody's business. Another time there is a conflict of interest between two forces, and the rest of us stand aside in meek neutrality, unwilling to intervene for the protection of the general interest, which is always the major interest in any controversy. Consider the plight of the farmer. We may say, and with truth, that the plight of the farmer is largely his own fault, that if he had more knowledge of his business and of economic law and was in other respects equipped with exceptional foresight, he might have saved himself from the predicament in which he finds himself today. We may, with more reason, also say the same thing about individuals in other divisions of work. The situation does not yet call for post-mortems—it wants saving. We may grant that the farmer rode free and easy



**Three Thoughts
for Bankers**

1. Your customers make large sales to New York business men.
2. Our customers are wholesale merchants and manufacturers in New York.
3. Inasmuch as your customers and ours deal with each other, this is the logical bank in New York as your correspondent, because it means the promptest collection of bill of lading drafts and results in a material saving of time in getting shipments to market, especially of perishable and semi-perishable goods.

**ATLANTIC
National Bank**
257 Broadway—Opposite City Hall
NEW YORK CITY

during the war (as did others), that he was reckless, spent his money for automobiles and phonographs, instead of for reapers and binders, took trips to Niagara Falls and other places to which farmers go, but if he did, it was a rather human thing for him to do; he may have had money during the war, but the farmer in general has seldom accumulated a surplus over his immediate needs, and a rare surplus is a temptation in the hands of the wisest of us. His surplus is gone where the woodbine twineth, or is frozen solidly in produce which is worth less in the markets than it cost him to grow it, less in many cases than it would cost him to get it to market over the railroads. As disheartening as is the position of the farmer whose working capital and credit is tied up with a loss in unsalable produce, he could console himself, if there were any sense in it, by the reflection that others are in a worse position. The farmers who bought more land in the boom, and even some of the farmers who sold land at the top prices, to say nothing of the tenant farmers who made leases on terms that could not be fulfilled, perhaps sit at the very bottom of the slough of despond. Theirs is a very unhealthy situation for all



When you enter
Buffalo, the big
building you see
is this big bank

The Marine Trust Company of Buffalo

Capital and Surplus, Seventeen Millions

of us, a symptom of a very grave economic disease and a serious threat to political sanity.

History shows us what happens to nations which depend upon time for a cure in such cases. The Roman Republic died of an almost identical disease. Already the party of the Revolution is engaged in propagandizing the farmer, blowing the fires of revolt in his breast, lighted by his resentment against a system which at the moment seems to take everything and give nothing. Political opportunists are endeavoring to form a coalition of the farmers and the radical labor parties, particularly of farmers and the labor element which is bent on getting control of the railroads of the country. The divergence of economic interest between the farmer and the railroad worker is glaringly apparent, the farmer himself even recognizes it, but he is in a mood for revolt, he is "sore," and we need not expect him to act according to his interest when those of us who claim to be wiser than he do not act according to our own. If we considered the economic interest of the country, which means the economic interest of all of us, we would give as much attention, or more, to the farmer as we give to the railroads or any other arm of industry.

The farmer has been filled with a lot of

false doctrines and fallacious economic beliefs, but nobody who is interested in having the farmer think rightly about these things has ever taken the trouble to try to set him straight. We have tried to talk to him about it, perhaps give him the advice of a brother, but we haven't done anything about it. What, for instance, have the railroads done to meet the just grievances of the farmer? The men at the head of the railroads of the country have no doubt tried, and are no doubt anxious, to cheapen transportation and render the maximum of service to the farmer as well as to the other interests of the community. Have they done it? Are they doing it? These men have just passed through a very trying period, they have been so immersed in protecting the immediate interests of the properties which they represent that they have not had time to translate into action any vision they may have, but the farmer is naturally impatient and does not wish to wait until they get around to it—the farmer wants action, concrete expressions of the interest of the community in his welfare, and the railroads are perhaps in the best position to help him—not through sacrificing the interests of their stockholders, or by acts which would impair their credit, but through co-ordination, reduced overhead, etc.

Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland
and the District of Columbia

CONVENTION DATES

American Bankers Association, New York, Oct. 2-6.

National Foreign Trade Council, Philadelphia, May 10-12.

New York—at Lake Placid Club, June 19-21.

New Jersey—at Atlantic City, May.

Pennsylvania—at Pittsburgh, May 24-26.

Maryland—at Atlantic City, May 16-18.

CELEBRATES ONE HUNDREDTH ANNIVERSARY

The Farmers' Loan and Trust Company, New York, celebrated its one hundredth anniversary on February 28. The original charter of the company was granted by the Legislature of New York February 28, 1822, to the Farmers' Fire Insurance and Loan Company, "for the purpose of accommodating the citizens of the state." In April of the same year the charter was amended to empower the company to assume and execute trusts. This is the earliest bestowal in the United States of such powers upon any corporation, and is believed to be the first instance of the granting of such powers anywhere in the world.

The name of the company was changed to the Farmers' Loan and Trust Company in 1836. Its history comprehends the whole development of trust companies in the United States. As a memento of its one hundredth anniversary, the company has issued a substantial volume under the title of "A Century of Banking in New York," by Henry W. Lanier.

In a communication to the staff of the company, reviewing its past history and looking forward to the future, the president, James H. Perkins, says:

"I conceive it to be our mission in the second century of the company's existence to continue those policies, founded on scrupulous stewardship and sustained strength, which have enabled the Farmers' Loan and Trust Company to retain the confidence of the community, to weather the severest storms of the past one hundred years, and so to carry forward 'the purpose of accom-

modating the citizens of the state.'

"Such a mission is one in which to take individual pride. It deserves the best thought and utmost efforts of us all. It is worthy of hearty coöperation in a comradeship of purpose looking toward an achievement which in its worth to others is of the greatest worth to ourselves."

MECHANICS AND METALS ABSORBS LINCOLN TRUST

Interests identified with the Mechanics and Metals National Bank of New York have purchased the controlling interest in the stock of the Lincoln Trust Company. Frank J. Egan, chairman of the board, and Alexander S. Webb, president of the Lincoln Trust Company, under whose able management the company has shown marked development and progress, will continue in their respective official positions. These gentlemen, together with the other members comprising the official staff, will continue in charge of the management of the business under the general banking policy of the Mechanics and Metals National Bank with the ultimate object in view of merging both institutions and continuing the head office and branches of the Lincoln Trust Company thereafter as branches of the Mechanics and Metals National Bank. When in due time this has been accomplished the Mechanics and Metals National Bank will have twelve or more branches throughout the city instead of nine as at present."

APPOINTED VICE-PRESIDENTS

George Jarvis Geer, Jr., and John J. Sample were appointed assistant vice-presidents of the Guaranty Trust Company of New York at a meeting of the executive committee of the board of directors. Mr. Geer was manager of the Pall Mall office of the Guaranty, and Mr. Sample an assistant manager of the company's foreign department.

BANK APPOINTS NEW OFFICERS

At a meeting of the directors of the American Exchange National Bank of New York, the following were appointed assistant vice-president: Arthur P. Lee, Herbert

News!

ON APRIL FIRST the SEABOARD NATIONAL BANK and the MERCANTILE TRUST COMPANY will be consolidated and known as the Seaboard National Bank.

Particular attention is invited to the personnel of the Board of Directors, because the individuals will be recognized as men who insist on active participation in the affairs of any institution with which their names are connected. With the officers, they will *actively* manage and control the affairs of the new bank.

DIRECTORS

Samuel G. Bayne, Chairman	Herbert P. Howell, Vice-President
Chellis A. Austin, President	National Bank of Commerce.
Elliott Averett, Vice-President	Elgood C. Lufkin, Chairman
United Cigar Stores Co.	The Texas Company.
Edward J. Barber, President	Charles D. Makepeace, Vice-President
Barber Steamship Lines.	Peter McDonnell, General Agent
Howard Bayne, Vice-President	Transatlantica Italiana S. S. Co.
Columbia Trust Co.	John McHugh, President
Henry S. Bowers, Goldman, Sachs & Co.	Mechanics & Metals National Bank
Harry Bronner, Blair & Co., Inc.	Theodore F. Merceles, President
H. D. Campbell, Vice-President	Montgomery Ward & Co.
J. S. Coffin, Chairman	Albert G. Milbank, Masten & Nichols.
Franklin Railway Supply Co., Inc.	Samuel H. Miller, Vice-President
Delos W. Cooke, Associate Director	Chase National Bank.
The Cunard Steamship Co., Ltd.	William E. Paine, Equitable Life Assurance Society
Edward J. Cornish, President	John J. Raskob, Vice-President
National Lead Co.	E. I. Du Pont de Nemours & Co.
Louis N. DeVausney, Vice-President	Charles S. Sargent, Jr., Kidder, Peabody & Co.
Charles G. DuBois, President	Joseph Seep, Chairman, South Penn Oil Co.
Western Electric Co.	Joseph B. Terbell, President
Frederick F. Fitzpatrick, President	American Brake Shoe & Foundry Co.
The Railway Steel Spring Co.	C. C. Thompson, New York.
Henry C. Folger, President	Frederick T. Walker, Agent Royal Bank of Canada.
Standard Oil Co. of N. Y.	J. Spencer Weed, Vice-President
Edward H. R. Green, President	Great Atlantic & Pacific Tea Co.
Texas Midland Railroad.	Henry Whiton, President
A. R. Horr, Vice-President	Union Sulphur Company.
Equitable Life Assurance Society	

Resources more than \$80,000,000. All the services of a national bank and trust company will be available at all three offices.

BROAD AND BEAVER STREETS

Opposite the Consolidated Stock Exchange

115 BROADWAY

Opposite the Equitable Building

25 EAST 45TH STREET

Corner of Madison Avenue



Harlem Branch Columbia Trust Company, New York

N. Armstrong, Charles E. Meek and Howard Marshall. Walter B. Tallman was appointed cashier and elected secretary of the board. George A. Polsey was appointed exchange manager of the foreign department.

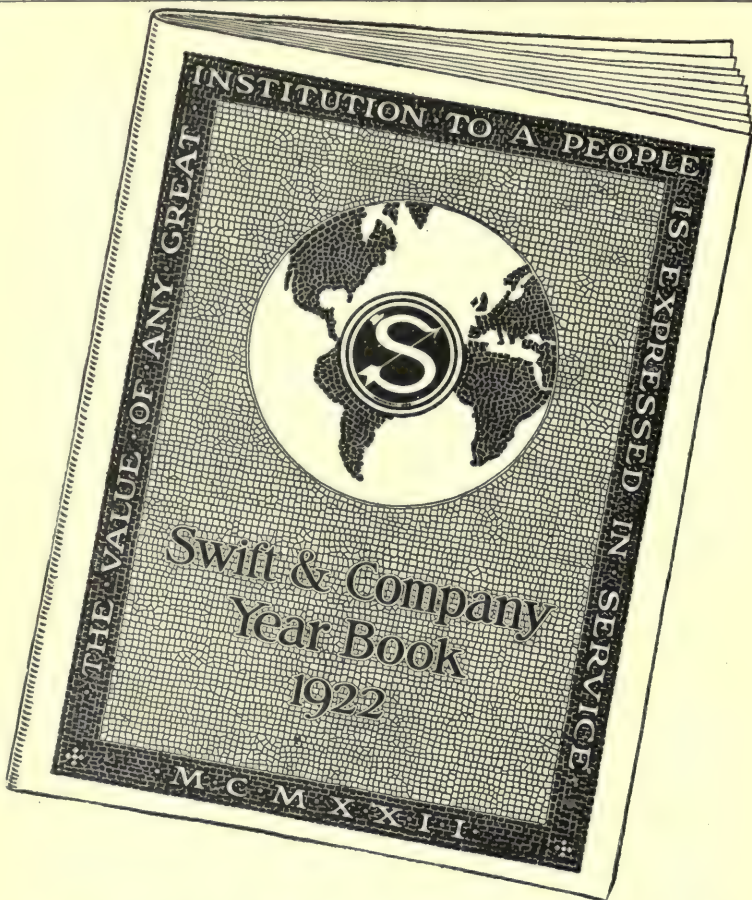
HARLEM BRANCH OF THE COLUMBIA TRUST COMPANY

The new building for the Harlem branch of the Columbia Trust Company opened for business on February 23 at 151-153 West 125th street. The building is of limestone throughout, with Corinthian columns on both sides of the entrance. The banking room is spacious, being about thirty-five feet high, with a gallery along its entire length. An effort has been made to give the building a simple character, and marble and bronze have been intentionally left out, a walnut banking screen being used instead. There

are 5000 safe deposit vaults for the convenience of customers.

The officers in charge, V. P. Baker, assisted by H. I. Edge and W. P. Carroll, who have all been actively associated with the Columbia for over fifteen years, are directly available to all customers while possessing the essential privacy to enable them to transact confidential and important business.

Two ladies' rooms are provided on the main floor. By a most ingenious arrangement the vault is visible to everyone in the bank, although actually situated on the floor below. A marble stair leads to this, and the vault has every known form of protection. It is undrillable, unburnable, secure against mob attack and violence, and collapse of the building over it, flooding by water, or damage by fire. A dozen coupon booths and rooms will prevent all visitors having to wait, every convenience for safe



Wholesale Meat Prices WHY?

UP
DOWN

Do wholesale meat prices go up and down with fluctuations in live stock prices?

Why do live stock prices fluctuate?

Why are some cuts of meat higher than others?

What kind of competition is there in the meat business?

Where does your meat come from?

How does it happen that you can always get it?

Why is the large packer necessary?

* * * * *
Swift & Company's 1922 Year Book answers these and many other questions. It's ready for distribution, and there is a copy free for you. Send for it. You'll enjoy reading it. It's a revealing document.

Address Swift & Company
4238 Packers Avenue
Union Stock Yards, Chicago, Ill.

Swift & Company, U. S. A.



deposit users that could be introduced having been applied.

Due to the spirit of this branch, which was established in 1901, it has become one of Harlem's institutions. The Harlem branch of the Columbia Trust Company is equipped with all departments, and it is run by men with real banking experience of many years' standing, capable of assisting patrons with all of their banking problems.

Valentine Lynch and Company were the general contractors.

The engineering and architectural work were handled by Alfred C. Bossom of 680 Fifth avenue, who has done the other branches and work of the head quarters of the Columbia Trust Company during the last few years.

COMMUNITY NATIONAL BANK

On January 31 the stockholders of the Community National Bank of Buffalo, New York, held a dinner at the Hotel Lafayette, at which were present over 350 of the bank's stockholders and friends. The principal addresses of the evening were made by Edward A. Duerr, president; W. W. Schneck-enburger, manager of the Federal Reserve Bank of Buffalo, and Congressman Clarence E. MacGregor.

The progress of the bank was reviewed in an interesting manner by Mr. Duerr, who offered some suggestions to the stockholders to assist them in their business building campaign. Mr. Schneck-enburger reviewed briefly the activities of the Federal Reserve system, while Congressman MacGregor's remarks were in regard to community development and the bank's part in it. A number of the directors of the bank spoke briefly, and after dinner dancing was enjoyed by those present until midnight.

ARTHUR S. HURST

Arthur S. Hurst, formerly cashier of the New York County National Bank, has been elected second vice-president of the Hudson Trust Company of New York.

"AN ENGLISH ARCHITECT IN AMERICA"

Under the heading "An English Architect in America" the English publication, *Drawing & Design*, reproduces photographs of the buildings of the Virginia Trust Company, First National Bank of Richmond and Seaboard National Bank, all planned by Alfred C. Bossom, the New York architect, as well as Mr. Bossom's design for a memorial bridge over the Hudson river, all of which have been extensively illustrated in

1781

The Oldest Bank in America

CHARTERED by the Continental Congress in 1781, the Bank of North America is the oldest bank in the country, the period of its existence spanning the entire history of the nation since the close of the War of Independence.

Today with Capital of **\$1,000,000**, Surplus and Undivided Profits of **\$2,375,000** and Total Resources of over **\$35,000,000**, this bank is better prepared than ever to fill its important place among the great financial institutions of the United States.

President

E. PUSEY PASSMORE

Vice-President

RICHARD S. MCKINLEY

Cashier

E. S. KROMER

Assistant Cashier

WILLIAM J. MURPHY

Assistant Cashier

CHARLES M. PRINCE

Assistant Cashier

JOHN W. WHITING

THE BANK OF NORTH AMERICA

(NATIONAL BANK)

PHILADELPHIA

1922



THIS BANK offers complete facilities for the transaction of every kind of banking business.

Collections made promptly and on favorable terms on every part of the world

Foreign Exchange Bought and Sold

Commercial and Travelers' Letters of Credit

Correspondence and inquiries invited

Capital - \$3,000,000
Surplus and
Profits - 8,000,000

E. F. SHANBACKER
President

The
**FOURTH STREET
NATIONAL BANK**
Philadelphia

THE BANKERS MAGAZINE. "In the career of Alfred C. Bossom," says *Drawing & Design*, "a big deviation from early associations has created for an Englishman the unique position of recognition as one of the leaders in American architecture."

FORM NEW ACCOUNTANTS FIRM

Edward F. Paulu, formerly assistant auditor, Guaranty Trust Company of New York, and Charles S. France, formerly auditor of the Brussels office of the Guaranty Trust Company, have formed a partnership under the name of Paulu and France, accountants, auditors and bank examiners, with office in the Hudson Terminal Building, 50 Church street, New York.

GREENWICH BANK TO BUILD

A ten-story bank and office building will be erected by the Greenwich Bank of New York for its Times square branch at 224 and 226 West Forty-seventh street.

AMERICAN EXCHANGE NATIONAL BOOKLET

The American Exchange National Bank of New York has prepared for free distribution a booklet showing all standing committees and members of the United States Senate and House of Representatives for the Sixty-seventh Congress. The booklet has been corrected up to February 1.

TRUST COMPANY CONFERENCE

The third mid-winter conference of the trust companies of the United States was held at the Waldorf-Astoria Hotel, New York, February 16.

Theodore G. Smith, first vice-president of the Trust Company Division and vice-president of the Central Union Trust Company of New York, presided at both meetings. No reports of committees were submitted, the entire day being given over to the discussion of problems which trust companies meet from day to day in the organization, maintenance and development of their work.

In the evening a reception and the eleventh annual banquet of the Trust Company Division was held at the Waldorf.

BANCA COMMERCIALE ITALIANA

A cable has been received from the head office of the Banca Commerciale Italiana in Milan stating that a meeting of the stockholders is to be held on March 23, at which time the board of directors will propose the payment of a dividend of 12 per cent. and the transfer of 4,000,000 lire to surplus account and 10,800,000 lire to undivided profits.

New England States

Comprising Maine, New Hampshire, Vermont, Massachusetts, Connecticut
and Rhode Island

The First National Bank of Boston

**The leading financial institution of
New England**

**Foreign and domestic commercial
banking of every nature**

Correspondence solicited



HOME of one of Maine's most successful banking institutions, the Ticonic National Bank, Waterville. On the Main Street of this thriving city, near the new Government building, it presents a handsome and dignified appearance. It is built of cherry red brick, with granite base and limestone trimmings. The architects were

Thomas M. James Company

3 Park St., Boston, Mass.

Fuller Building, Springfield, Mass.

31 East 27th St., New York

511 Blackstone Building, Cleveland, Ohio

ECONOMIC CONDITIONS IN THE
NEW ENGLAND STATES

WHILE business in New England is not making any rapid strides, a steady improvement is perceptible. It has been claimed by statisticians that the wave of business depression was traveling westward and that the East, having felt the depression first, would be the first to recover. New England is recovering rapidly.

Labor troubles still hold certain industries in check, and just now the cotton end of the great textile industry is pretty well hampered by strikes. Many mills are closed and there is a loud and long protest from mill hands over the announced reductions in wages. Nevertheless, these reductions are necessary for the preservation of the industry, for New England mills have been seriously handicapped in their competition with southern mills, all of which are working on longer hours and at lower wages. The closed mills are pretty well stocked up with goods, so that the trade is not suffering as much as might be imagined, and the fight is to be carried through to a finish. One does not find much depression even in the cotton mill industry, for this strike has been regarded as inevitable for a long time, and the feeling is that the sooner things are brought to a crisis the sooner will the troubles be ironed out and the industry proceed on its way.

In the shoe trade conditions are a bit unsettled. Factories have a fairly steady stream of small orders, but buyers are sticking closely to immediate requirements and claim that the insistent demand for lower priced shoes of good quality must be met before the public will again begin to buy heavily. So far leather prices have held pretty steady.

Building and construction are showing a rapid growth, and already orders are coming in good volume for lumber and other materials for spring delivery. Lumber prices have shown a tendency to stiffen a bit as the result of the increased demand, and the same is true of most building material with the exception of steel. Steel prices are still uncertain and buyers are holding off in anticipation of further cuts.

The real estate business promises to be good this spring and the lower rates for mortgage money are giving a new impetus to the business. It is particularly noticeable that the larger commercial and industrial properties are again becoming prominent in the reports of real estate transactions.

The department stores in the larger cities report a good business which is largely the

1836

1922

Forging the link
between East and
West Coasts

NEW ENGLAND'S relations with the Pacific Coast began in 1788. In that year Capt. Robert Gray, a Boston fur trader seeking new territory, discovered the great river which bears the name of his ship, the *Columbia*.

Likewise pioneering to establish a broader commerce, The National Shawmut Bank established direct connections in Pacific Coast cities many years ago. These insure fast banking service and save days and dollars for our clients—most important savings now that business is on a basis of strict competitive economy.

Nature endowed the Pacific Coast states lavishly with natural resources, whose products find ready sale in less fortunate New England. And vice versa, this great industrial beehive—New England—manufactures exceptionally good machinery, shoes and belting, textiles, paper and rubber goods that meet exactly the needs of the land of golden sunsets.

The National Shawmut Bank—the bank that is closest to the heart of New England's Industry—is ready at all times to assist in finding new markets for worthy goods.

Correspondence is invited

THE NATIONAL SHAWMUT
BANK of BOSTON

Capital and Surplus \$20,000,000

ADRIAN H. MULLER & SON

55 WILLIAM STREET, Corner of Pine Street, NEW YORK

AUCTIONEERS

The Business of Banks, Bankers, Investors and Dealers in Securities
generally, receives prompt and careful attention.

STOCKS AND BONDS AT AUCTION

REGULAR AUCTION SALES OF ALL CLASSES OF STOCKS AND
BONDS EVERY WEDNESDAY

Real Estate at Public and Private Sale

Prompt Returns on all business entrusted to us

result of special sales and price concessions. The smaller stores are finding business spotty, and there is a great deal of complaint of slow collections, although losses through poor accounts are not abnormally high.

The majority of New England publications report a gradual increase in advertising and a growing feeling among advertisers that intensive selling methods are needed to spur the public on to exercising a buying capacity that undoubtedly exists, but which is not being fully exercised as yet.

Business failures are heavy in New England, as they are in other parts of the country, but since the first of the year the margin of increase over the figures of a year ago has been slowly but steadily narrowing. Regrettable as these failures are, it must be admitted that they represent the elimination of weak links that have not been able to stand the strain of the slow improvement in business.

Throughout New England the "mental attitude" toward the future of business has undergone a great change in the past month or two, and everyone is looking hopefully toward the immediate future. This must, of itself, be an increasingly important factor in speeding up improvement.

CONVENTION DATES

Rhode Island Bankers Association, May.

NEW BANK BUILDINGS PLANNED

A branch bank building to be built at Madison, Me., is being planned for the Augusta Trust Company, and extensive alterations and additions at Fall River, Mass., for the Citizens Savings Bank are to be made by the Thomas M. James Company, Boston and New York.

The James Company are also planning an individual stone bank building for the Peoples Bank and Trust Company at Westfield, N. J.; alterations to the building of the Paterson National Bank, Paterson, N. J.; a new brick colonial building for the Walpole Trust Company, Walpole, Mass.; alterations, including safe deposit vaults, for the Wellesley National Bank, Wellesley, Mass., and a new building of improved Bath stone for the Seacoast Trust Company, Asbury Park, N. J.

NEW BANKS ORGANIZED IN CONNECTICUT

Through R. H. Mann of Gunder, Mann & Co., 41 East Forty-second street, New York, three new banks have recently been organized in Connecticut. The Bankers Trust Company opened in Norwich in December, with capital of \$100,000, and now has deposits of over \$200,000. Angus Park is president and George Finn, formerly Connecticut bank examiner, trust company section, treasurer. The Jewett City Trust Company has opened with \$25,000 capital. H. M. Dunbar, formerly a Federal bank examiner, is treasurer. The Pawcatuck Bank and Trust Company is another new institution, with \$25,000 capital. S. M. Robertson, formerly of the Oceanic National Bank, Boston, is treasurer.

Park Trust Company

Park Building, 511 Main Street
WORCESTER, MASS.

Capital \$300,000
Surplus and Earnings..... 302,580

F. A. Drury, President.
T. J. Barrett, Vice-President.
H. M. Abbott, Treasurer.
Frederick J. Bye, Assistant Treasurer.
Send us your Massachusetts collections.

Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, and Tennessee

ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By THOMAS EWING DABNEY

AVOIDING the Scylla of a narrow pessimism on the one hand and the Charybdis of rhetorical optimism on the other, and steering a straight course through the situation as a whole, it may be stated that conditions in the South have shown considerable improvement during January.

This is said with full knowledge of the cotton market, with prices dropping as bullish reports came in; of the failures of last year, which were the greatest on record; of the difficulties that 1922 has inherited—difficulties that will make this year more dangerous, in many respects, than last.

But—except to the man whose understanding is clouded by business troubles—it is evident that the situation has a sounder tone.

The retail trade is a fair indication. Not that it will bring out a torch-light parade; but it has shown improvement. While the sales of November, 1921, throughout the sixth Federal Reserve district, were 21.4 per cent. less than they were in November, 1920, December's sales were only 14 per cent. under the record for the same month a year ago. If there was a Christmas spurt in 1921, there was also a Christmas spurt in 1920. If 1921's spurt went further than 1920's, that in itself is an indication.

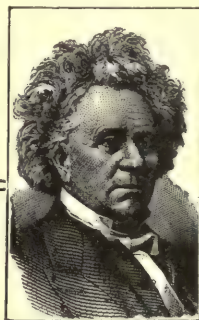
The movement seems to have carried through January, for the retail sales in New Orleans during that month averaged around 12 per cent. less than they did in January, 1921. From all that can be learned, the same ratio, more or less, prevails throughout the district.

The foregoing figures are in value, not in volume. The volume of business is considerably above what it was a year ago. January's sales in yards, pounds and tons were about 10 per cent. greater than they were a year ago. Retail prices are something like 25 per cent. less this year than last. Against that must be set the losses on the immense clearance sales that have been forced by the unseasonably warm weather. The net conclusion is that the people have bought 10 per cent. more of this world's

goods than they did a year ago, and last year showed a similar improvement over the year before. Standards of living are rising.

Unemployment is gradually declining. In New Orleans, for instance, the establishment of a free employment bureau by the Association of Commerce pricked the inflated balloon of vast unemployment rumors. Despite the smashing publicity the bureau received, the registration of the jobless was unexpectedly small.

One reason for this is the increase in building, which the warm weather aided while it cut into the business of the stores. There is an immense amount of building going on throughout the South—building of houses and building of roads. The iron and steel industry is gradually resuming opera-



The DeLoach
Our First President

Merchants National Bank

RICHMOND, VA.

Capital \$400,000
Surplus and Profits over 1,825,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank Baltimore, Md.

Capital, \$1,500,000

Surplus, \$1,000,000

WALDO NEWCOMER, President
SUMMERFIELD BALDWIN, Vice-President
CLINTON G. MORGAN, Vice-Pres.

JOSEPH W. LEFFLER, Cashier

WILLIAM R. WEBB, Asst. Cash.

tions—thirteen furnaces being reported in operation by the review of the Sixth Federal Reserve Bank for January, as against eight the month before. Likewise, textile manufacturing has shown considerable improvement.

Making allowance for the slowing-up of the inventory period, the wholesale trade, as a whole, improved in January. In dry goods and shoes, the situation was not so encouraging as it was a month or two before, but a comparison of December, 1921, with December, 1920, is more favorable. Wholesale shoe sales increased 37.4 per cent. during that period, and dry goods dropped only 8.3 per cent. In groceries, hardware, furniture and drugs, the decreases of December sales, compared with sales in November, were small. Stationery and farm implements showed increases, respectively, of 30 and 43.7 per cent. The small stocks of the retailers show that they are buying for immediate needs only. They have reduced the margins of profit considerably.

Probably the most outstanding feature in the business situation is the lean buying by the farmers, whose purchasing capacity has been so greatly reduced by the short cotton crop and the unsatisfactory prices they

get for the staple, not to mention the poor market for other farm produce, and the high railroad rates and handling costs. Many farmers have been unable to liquidate their debts with their banks or supply houses; and if it were not for this, the country stores would be able to increase their takings of merchandise, thereby speeding up the general business machine. That is a development for the present year, and the situation is straightening itself out about as rapidly as could reasonably be expected. The mistake, made by so many optimists, was to believe that it would be possible to recover from the waste and extravagance of the war and post-war period in such a short time. At least one more year, and perhaps two, must pass before a balance can be struck in the ledger of production.

The volume of business transacted in fifteen clearing-house cities of the district, represented by debits to individual accounts during December, compared less favorably with the total for the United States than did figures for the preceding month. The same condition seems to have extended into January. During the December period, the total for the district was \$706,336,000, and was 16.5 per cent. less than the total of

First National Bank

Richmond, Virginia



The Old First--Established in 1865

Capital and Surplus . . . \$3,500,000

Resources 30,000,000

OFFICERS

JOHN M. MILLER, Jr. President
C. R. BURNETT Vice-President
ALEX. F. RYLAND Vice-President
S. P. RYLAND Vice-President
S. E. BATES, Jr. Vice-President
THOS. W. PURCELL, V-Pres. & Tr. Officer
JAMES M. BALL, Jr. Cashier

ALWAYS a leader in the promotion of industrial and commercial enterprises of the South, and exceptionally well qualified to handle the accounts of banks, corporations and individuals.

\$845,805,000 for the same month of 1920. The total of debits for the United States for this same period reflects a decline of only 11.4 per cent. in 1921 as compared with 1920. For the period ended November 30, the sixth district showed a decline of only 10.1 per cent., while figures for the United States were 17.3 per cent. smaller than during the same period of 1920.

Figures reported by forty-three banks, members of the Federal Reserve, show a decline of \$2,505,000 in total loans and investments in December as compared with November, and a decline of \$100,292,000 as compared with December, 1920.

While actual preparation for the coming crop season is not under way on a large scale, plans are being made to produce crops at a minimum of expense. The past season's crops were produced with less outlay of money, perhaps, than any previous crop, and efforts were made to reduce indebtedness wherever it was possible to do so. The large production of foodstuffs has enabled many farmers to improve their position who would, with such a short cotton crop and such distressing markets in other lines, under old time conditions, have gone to the wall.

The outlook is not easy, but it is safe.

CONVENTION DATES

Country Bankers Association of Georgia, Atlanta, March 28-29.

Spring Meeting Executive Council, American Bankers Association, White Sulphur Springs, May 8-12.

North Carolina—at Pinehurst, April 26-28.

Georgia—at Atlanta, May 24-26.

Louisiana—at Baton Rouge, April 18-19.

Mississippi—at Charleston, May 9-10.

Texas—at Fort Worth, May 9-11.

Arkansas—at Hot Springs, April 13-14.

SECURITY BANK OF HOT SPRINGS NATIONAL PARK

The Security Bank of Hot Springs National Park, Arkansas, has opened a new building which will afford to the public and bank employees every convenience for the transaction of business. The building faces on two streets and consists of a large banking room, with two vaults in the rear and additional vaults in the basement. The mezzanine is over the vaults in the rear of the banking room.

The Security Bank was organized in 1891.



Individual bookkeeping department, First National Bank, Chattanooga, Tenn.

The capital of the bank is \$100,000 and surplus and profits \$85,000.

The officers of the bank are: John B. Foote, president; L. D. Cooper, vice-president; A. S. Goodwin, cashier; B. F. Prichard, assistant cashier.

VIRGINIA TRUST COMPANY

The statement of condition of the Virginia Trust Company, Richmond, Va., showed total resources of \$6,066,027.90; surplus, \$1,000,000; undivided profits, \$9,196.61, and deposits, \$3,984,583.14.

FIRST NATIONAL BANK OF CHATTANOOGA

At the stockholders' meeting of the First National Bank of Chattanooga, Tenn., all the directors were reelected, and L. L. Fischer was elected to fill a vacancy. At the meeting of the board of directors all the officers were reelected.

The statement of condition of the bank at December 31, 1921, showed total resources of \$17,562,955.59; surplus, \$1,000,000; undivided profits, \$62,803.63, and deposits, \$12,558,243.19.

A view of the bookkeeping department of the bank is shown here. The department is considered one of the most modern departments of its kind in the South.

Bank of Charleston, N. B. A.

CHARLESTON, S. C.

Capital.....	1,000,000
Surplus and Profits....	1,000,000
Resources.....	15,000,000

E. H. Pringle, Pres.
 E. H. Pringle, Jr., Vice-Pres.
 R. S. Small, Vice-Pres.
 A. R. LaCoste, Vice-Pres.
 G. W. Walker, Cashier.
 J. H. Lucas, Assistant Cashier.
 C. N. Fishburne, Asst. Cashier.

Special attention given to city collections.
 Drafts on Charleston drawn with exchange remitted without charge.

BENTON BANKING COMPANY ELECTS NEW PRESIDENT

The directors of the Benton Banking Company of Benton, Tenn., reelected J. D. Clemmer as cashier and H. W. McClary as assistant cashier.

John L. Williams, president of the bank, who was elected to fill a vacancy caused by the resignation of B. F. McClary, in 1921, was succeeded by W. P. Lang as president. W. A. Calhoun was reelected as vice-president.

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

BUSINESS sentiment in the seventh Federal Reserve district has undergone a great change for the better in the last month. In the granger part of the district the change amounts to a transformation. It is due to an advance of about 30 cents a bushel in the price of wheat and of 20 cents in corn, with a corresponding gain for oats. This means some tens of millions of dollars to the farming interests of the section, but its significance is by no means limited to this increase in money return from crops. There has not only been a more rapid liquidation of debts, but a restoration of confidence in the future, a reassurance of ability to meet in full the heavy debts incurred during the time of highest prices for agricultural products, when speculation was rampant, and this feeling of encouragement has been communicated in turn to the merchant, and to all the many lines of manufacture and distribution by which the farmers' needs are supplied. A large part of last season's soil yields already has been marketed, of course, but there are still enough products in the hands of growers to give them a generous share in the increase of values. The turn in the course of grain and livestock prices is also likely to have an important effect in stimulating interest in the planting operations of the coming spring with the probable result of larger acreage and increased production.

There has been no rush of orders following the change for the better in the financial situation of the rural producer, but the improvement in distribution of merchandise is noticeable. Merchants are replenishing their shelves more freely, which gives a two-fold indication of healthy conditions—better sales and stocks held down to a safe basis. Buying is confined largely to essentials, but there is evident a disposition to cover current personal and household needs a little more freely. In clothing and textiles a somewhat lower grade of goods being bought and staples that have undergone the greatest downward revision in prices are most in fa-

Organized 1890

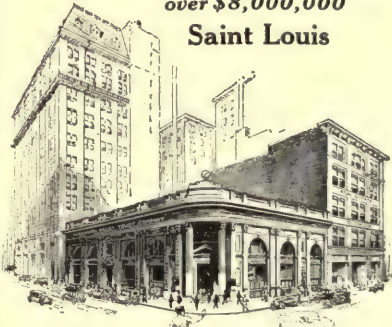
For nearly thirty-two years, this company has been an integral part of the advancement of St. Louis and the great central valley of the United States.

Our complete banking, investment and general trust company facilities are at your service.

Mississippi Valley Trust Co.

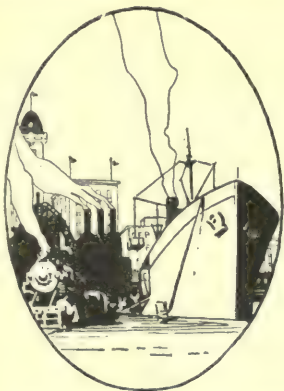
*Capital, Surplus and Profits
over \$8,000,000*

Saint Louis



vor. Merchants generally are recognizing this disposition on the part of buyers and are exerting themselves more than ever to get business by means of attractive sales offerings. Heavy garments, bedding and similar articles have not been in quite such strong demand as usual at this time of year because of the mildness of the winter. Hardware demand is picking up, sales running about even with those at the corresponding time last year, which means a larger volume of business as prices are about 25 per cent. lower. Groceries are rather slow, and there is still a downward tendency of prices, while it is a noteworthy sign of the times that jams and jellies are moving hardly at all.

Wholesale business still derives its great-



The Whole Range of Investment Service

ANY time that you want to make an offer for the purchase or sale of bank acceptances, bear in mind that we will be glad to receive your offer. We are always ready to quote you the most favorable rate on our own acceptances, when available, or if you prefer we can procure acceptances of other large banks and trust companies.

In the matter of longer time investments we can offer a wide range of highest grade securities through our bond department, which not only participates in the best syndicated issues, but handles securities of its own origination as well.

Feel free to call upon us either for services of our credit department in checking up paper, or our bond department for quotations for purchase or sale of long or short time securities.

Capital and Surplus \$33,000,000

The Union Trust Company Cleveland

est support from replacement orders of moderate size and for at-once delivery. Buying for spring and summer was going ahead satisfactorily, but has been held back a little of late by unsettlement in certain lines of dry goods due to lower prices for raw cotton and wage reductions in the mills, these developments having inspired new hopes of further price cutting, for which merchants are disposed to wait as long as the narrow limitations of their stocks will permit.

In the industrial centers of the district there are fewer signs of encouragement. Unemployment, with consequent curtailment of buying power, is still a serious obstacle to a return of prosperity. There has been only a slight increase in manufacturing operations, and this is confined principally to the steel industry. The brightest phase of the situation here is an increase in buying by the railroads. Orders for 20,000 or more cars have been placed in the Chicago district in the last few weeks, and every few days announcement is made of some new project for improvement of properties or purchases of equipment by the carriers. Government help in the financing of such outlays has encouraged the transportation lines to bestir themselves in rectifying the defects in their facilities caused by several years of subnormal expenditure on maintenance,

and to prepare for the heavy traffic which all operating officials believe is certain to follow the present period of dullness, probably within a few months. Steel mills are operating at around 50 per cent. of capacity, which compares with 25 per cent. at the low point of last July, and in some cases the rate will be increased to 65 per cent. within a few weeks. The new activity in equipment plants is helping allied interests, especially the lumber trade. Implement makers have laid out their programs for the approaching season on conservative lines. They all suffered severe losses during 1921, and while they have probably been through the most drastic stage of inventory writing-off, the turn of the tide in their selling departments has not yet come. There is a little better inquiry for machinery in the last few weeks, following further price reductions, but the change is not great enough to give ground for much elation.

Indications are growing stronger that the long-deferred boom in building operations is likely to materialize in the coming season. Progress is being made toward enforcing the Landis wage awards in the Chicago field, and elsewhere in the district there has been a sympathetic improvement in labor conditions. In some departments open shop conditions have been established and the vigor-

ous campaign of the citizens committee bids fair to break the hold of the combination of contractors and unions on the industry. This committee is composed of employers in nearly all lines of business, has almost unlimited financial backing and is carrying out its plans with such thoroughness and determination that the favorable results are giving encouragement to the promoters of hundreds of construction projects that have been held up for years. The effect is seen in the issuance of building permits in the month of January almost double in number and amount as compared with those for the first month of last year, and a continuation of this volume during February. It is reflected also in a substantial increase in orders for structural steel. So far these orders call for small tonnages as a rule, but much preliminary work is being done on the many pending large projects, and these will go ahead as soon as weather conditions will permit. A revival of activity in this field cannot fail to exert a strong influence for the better on the general business situation and on unemployment. The amount of construction work, particularly on dwellings, carried on during the winter months has been unusually large. This has kept up a steady movement of materials and made the trade in household furnishings much better than usual at this time of year.

In the financial situation there has been further improvement in the last month. Commercial paper rates, after declining almost to the $4\frac{1}{2}$ per cent. level, stiffened rather sharply after the last offering of treasury certificates of indebtedness at $4\frac{3}{4}$ per cent., and now are on a basis of 5 to $5\frac{1}{4}$ per cent., with bank loans at 5 to 6 per cent. The commercial borrowing demand is not heavy. There has been a further reduction of rediscounts and reserve note circulation, with a corresponding improvement in the reserve ratio of the Federal Reserve Bank, the figure now standing at about 75 per cent. Liquidation by the country banks is going ahead slowly, and the city institutions would be virtually free of indebtedness to the reserve bank were it not for the loans to rural banks which are still being carried. The increase in the price of grains has improved the position of many country banks with heavy loans on this kind of security, both by widening the margin of safety and by making possible sales to the advantage of borrowers. Savings deposits continue to present a cheerful aspect of the banking situation, showing a healthy, although slow, increase. Investment demand holds up well, and the shelves of dealers are pretty well cleared. Offerings are moderate, which fact perhaps has more to do with the



Developed through the growth and experience of more than half a century

The First National Bank of Chicago

James B. Forgan, Chairman of the Board
Frank O. Wetmore, President

and the

First Trust and Savings Bank

James B. Forgan, Chairman of the Board
Melvin A. Traylor, President

offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

**Combined resources over
\$375,000,000**



LET US MANAGE YOUR COAL MINES

Secure for your mine the profitable benefits of operating methods tested and matured by 38 years of ownership or active control in virtually every field. You are assured of efficient, effective and economical operation through—

PEABODY

Operating Management

Because we have at our disposal the constantly increasing wealth of data on mining conditions, cost items and sales problems which grows out of our extensive management operations, we can economically give all our clients a service which would be prohibitive to the single owner. Write for descriptive booklet.

PEABODY COAL COMPANY

Founded 1883

332 South Michigan Ave. • CHICAGO

Operating 36 bituminous mines in 11 fields
with annual capacity of 18,000,000 tons.

strength of the market than an over-abundance of idle funds.



CONVENTION DATES

Reserve City Bankers Association, Kansas City, May 22-23.

Illinois—at St. Louis, June 22-23.

Indiana—at Indianapolis, Sept. 13-14.

Missouri (not announced), May 16-17.

Wisconsin, aboard steamer, June 17-24.

Ohio—at Cincinnati, May 24-26.

Iowa—at Davenport, June 5-7.

NEW PRESIDENT REPUBLIC BANK OF ST. LOUIS

John A. Lewis, who since November, 1918, has been senior vice-president of the Irving National Bank of New York, and who was for many years connected with banking in St. Louis, has returned to the latter city as president of the Republic National Bank, to which position he was recently elected.



JOHN A. LEWIS

President Republic National Bank, St. Louis

Mr. Lewis was born at St. Louis, October 24, 1864, and after graduation from high school was for a time employed in the Bank of Commerce in that city, and in October, 1881, he became coin teller in the United States Sub-Treasury at St. Louis. As a boy he had taken a keen interest in collecting postage stamps, and when he went into banking he made a careful study of coins, and this knowledge made his services especially valuable while in the St. Louis Sub-Treasury. He remained in this position until the term of General A. G. Edwards, the United States Assistant Treasurer at St. Louis, expired in 1887, when he went to Europe on a vacation. While on shipboard returning home he was asked to join the staff of the Continental Bank of St. Louis,

SAFETY

12,458 new savings depositors came to us recently within a period of ninety days.

Expressions of confidence such as this from the general public make us feel more than repaid for the conservative policies and the careful banking practice that have effectively safeguarded every dollar deposited here since the bank first opened its doors in 1869.

Back of every service this bank offers stand its \$2,000,000 in capital; its \$2,700,000 in surplus; its fifty millions of resources; its 53 years of conservative banking experience; and a directorate thoroughly representative of the best business interests of the Middle West.

*Offering the Seven
Essentials of a Banking
Home:—Safety, Spirit,
Experience, Caliber,
Convenience, Complete-
ness, Prestige.*



*The company which places Safety first in select-
ing its bank thereby associates itself with the
best and most conservative business concerns.*

UNION TRUST COMPANY

Madison and Dearborn Streets • Chicago

which offer he accepted, and held various positions in that bank until it was absorbed by the National Bank of Commerce in 1902, when Mr. Lewis was made assistant cashier. He held this office for some time until he was promoted to be cashier, from which position he was later promoted to the vice-presidency.

As already stated, Mr. Lewis was offered the vice-presidency of the Irving National Bank of New York in 1918, and has held this position from that time until his recent election as president of the Republic National Bank of St. Louis.

Mr. Lewis has risen through successive steps of banking experience from the position of messenger boy to that of the chief executive of an important bank through his own industry and fine personal qualities. His wide acquaintance and strong friendships throughout the West and Southwest made him a valuable acquisition to the Irving National Bank of New York, and now that he has gained additional acquaintance-ship and numerous friends in the eastern section of the country, to which is added more extensive financial experience, it will be seen that he easily ranks among the best equipped bankers in the United States.

NEW DEPARTMENT FOR DISTRICT BANK

An industrial real estate department has recently been established in the Central Manufacturing District Bank of Chicago. The functions of the department are to buy, sell, lease, appraise and make loans upon industrial real estate property. L. W. Porter, who for the past seven years has held the position of senior land appraiser for the Interstate Commerce Commission of the United States Government, is now associated with the bank as manager of this new department.

MERGER OF THREE CLEVELAND BANKS

Plans for the consolidation of the Lake Shore Banking and Trust Company, the Garfield Savings Bank and the Cleveland Trust Company were announced recently by F. H. Goff, president of the Cleveland Trust Company. The name of the merged institutions will be the Cleveland Trust Company.

Merger of these three long established community banks will give Cleveland a banking institution with forty-nine offices.

Total resources of the combined banks will be \$165,000,000, while capital and surplus will total \$13,000,000, and deposits will aggregate \$145,000,000.

In making the announcement, President Goff emphasized the fact that to bring about the consolidation sacrifices had been made by all concerned in order that greater service might be rendered the Cleveland public.

"It gives me great pride and pleasure to have John M. Gundry and Harris Creech, heads of such splendid banks which have been outstanding in serving the community for many years, and their organizations joining forces with the Cleveland Trust Company.

"It has been my aim and purpose for the last ten years to carry complete banking service to the outlying districts, not only residential sections but industrial as well, and this consolidation will make available the entire facilities of the Cleveland Trust Company throughout the city.

"I know I am voicing the sentiments of Mr. Gundry and Mr. Creech when I say that the establishment of strong community banks is an ideal that we have been developing for years. With forty-nine branches we become even more completely the people's bank which has been the goal of each institution.

At present the Lake Shore Banking and Trust Company has \$1,000,000 capital, \$592,000 surplus, \$25,000,000 deposits and 58,000 depositors. The capital of the Garfield Savings Bank is \$600,000, surplus \$800,000, while it has \$15,000,000 of deposits and 66,000 depositors. This gives the combined bank \$165,000,000 resources, \$13,000,000 capital and surplus, \$145,000,000 deposits, of which \$85,000,000 are savings deposits, and 364,000 depositors.

Officials of the Lake Shore and Garfield banks will become executive officers of the combined bank. Also a majority of the directors of those banks will join the directorate of the merged institution.

The Lake Shore bank was started in 1890 in half of a drug store at East 55th street and St. Clair avenue N. E., the present site of a modern branch office.

Twenty-eight years ago the Garfield Savings Bank was organized.

The Garfield's growth has been steady and rapid. It has established seven offices throughout the city and acquired a large downtown office at 322 Euclid avenue in the last few years.

The Lake Shore has eight offices. Four of the forty-nine offices of the combined institutions are in Lorain, Bedford, Painesville and Willoughby, while the remaining

forty-five offices dot the main thoroughfares of Cleveland and in many large industrial sections.

The Cleveland Trust Company is the pioneer among Cleveland banks in establishing branch offices entering upon this plan of expansion so popular in England and throughout Europe and Canada in January, 1903, when the merger with the Western Reserve Trust Company was effected.

GEORGE B. ROGERS

George B. Rogers has been named cashier of the Kalamazoo National Bank, Kalamazoo, Mich., to succeed Fred R. Eaton, who resigned to accept the treasurership of the



GEORGE B. ROGERS

Cashier Kalamazoo National Bank

C. G. Spring Company. Mr. Rogers came to the Kalamazoo institution from the State Bank of Decatur, Mich. He has held the posts of teller, auditor and assistant cashier.

FIRST NATIONAL BANK FLOOR TO BE BLOCK LONG

Preliminary steps have been taken toward giving the First National Bank of Chicago the largest banking floor in Chicago.

This will be accomplished by erecting a twenty-one story \$1,000,000 building at 31 to 35 South Clark street. This is directly north of the Fort Dearborn Bank building and west of the First National. The three buildings will be made into one great structure, which will cover practically the entire

Commercial Banking

Bond Department

Foreign Department

Savings Department

Trust Department

A representative of this Bank calls upon our correspondents from time to time and this personal acquaintance enables us to better understand and fulfill their requirements.

The NATIONAL CITY BANK *of* CHICAGO

DAVID R. FORGAN, *President*

BANKS AND BANKERS DEPARTMENT

FRED A. CRANDALL, *Vice President*

S. P. JOHNSON, *Asst. Cashier*

R. V. KELLEY, *Asst. Cashier*

south half of the block bounded by Monroe, Clark, Madison and Dearborn.

This will give two magnificent banking floors extending from Dearborn to Clark street, and half a block wide.

TRUST DEPARTMENT ORGANIZED

Plans for the establishment of a new trust department for the Liberty Central Trust Company of St. Louis have been completed and are being carried out under the supervision of W. C. Connett, vice-president and counsel.

The functions of the new department are as follows: Custodian of securities, administrator of estates and executor of wills; trustee under wills, trustee under mortgages and trustee under voluntary trusts; guardian of minor children; registrar and transfer agent of stocks and bonds of corporations and associations and fiscal agent for the payment of bonds, coupons and dividends.

The department is equipped with a separate trust department vault and a private consultation room for the convenience of its customers.

Harold J. Miller, formerly manager of

the credit and foreign departments, has been appointed assistant trust officer.

NEW NATIONAL CITY BANK OF EVANSVILLE

The charter of the City National Bank of Evansville, Ind., will expire March 7, 1922. The National City Bank, with a capital of \$500,000 and a surplus of \$50,000, is being organized to succeed the old institution on March 8, with the same officers and directors as at present. The City National Bank now has a capital of \$350,000, surplus of \$350,000 and an undivided profit account of \$175,000.

In 1902 the City National Bank succeeded the First National Bank of Evansville, which had run through two charters, the business originally being established as the Canal Bank in 1848. Since 1914 the bank has occupied its present building, which is ranked among the finest individual bank buildings, in cities of 85,000 to 100,000 people, in the United States.

It is expected that the old City National Bank stock will be liquidated at \$300 for each \$100 invested, after having paid divi-



TRYGVE OAS

Elected cashier Midland National Bank
Minneapolis



E. V. BLOOMQUIST

Elected secretary Midland National Bank,
Minneapolis

dends ranging from 6 per cent. to 10 per cent. during its charter.

MIDLAND NATIONAL BANK ELECTIONS

At the annual meeting of the stockholders and directors of this bank the following officers were promoted: E. V. Bloomquist, formerly cashier, was advanced to secretary, a newly created office; Trygve Oas, formerly assistant cashier, was advanced to the office of cashier.

The following new directors were also elected: B. C. Bowman, vice-president and general manager of the S. H. Bowman Lumber Company; Bernard M. Bros, treasurer William Bros Boiler and Manufacturing Company; L. B. Hancock, president Pure Oil Company, and Oscar D. Hauschild, secretary Retail Lumbermen's Insurance Association.

WALTER H. MILLER

Walter H. Miller, for the last two years assistant cashier of the Boone National Bank, Boone, Ia., has been chosen assistant cashier of the Iowa National Bank, Des Moines, Ia. Mr. Miller is a graduate of Yale.

INK THAT DEFIES ERADICATION

The Victory Ink Company of New York, manufacturers of Victory safety ink, for which is claimed the advantages of ineradicability and permanence, has put out a little pamphlet setting forth the advantages of the ink, and using, to substantiate its claims, letters, including those written by prominent New York banks, in commendation of the good qualities of the ink.

NEW ELECTIONS TO ADVISORY BOARD

The City Bank Trust Company of Syracuse, N. Y., at the February meeting of the board of directors, elected to its advisory board Miss Mary E. Jenkins. Miss Jenkins is president of the *Syracuse Herald*, one of the city's leading newspapers. She is active in business and charitable work and will bring a new viewpoint to the bank's councils. The City Bank Trust Company has an advisory board in addition to its board of directors. John S. Gray, Syracuse shoe manufacturer, was elected chairman of the advisory board at the same meeting. Mr. Gray was formerly vice-president of the bank.



Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico and Oklahoma

ECONOMIC CONDITIONS IN THE WESTERN STATES

By SAMUEL SOSLAND

AS spring approaches, the West finds itself in a more hopeful mood, economically speaking. It is not jubilant by any means, but it has had a better winter than many of its bankers and business men anticipated and it is hoping for further improvement. That it has a foundation upon which to build for business that is stronger than it counted upon a few months ago is quite obvious.

Probably the leaders in business improvement in the West are the sheep and wool interests. They were the first to feel depression, their markets falling precipitously in 1920 and through most of 1921. Lately, however, fat lambs and sheep have almost doubled in prices compared with the low quotations of the post-war period. Wool has soared, some flockmasters who persisted in withholding their clips having succeeded in obtaining double last year's low offers. Besides, buyers are in the field contracting the 1922 clip. The sheepman who is in debt can sell his clip of 1922 yet to be taken from the backs of sheep at profitable prices. This furnishes a very vital source of credit and is a decidedly favorable factor in the business of such states as Montana, Wyoming, Colorado and New Mexico. It is, of course, felt all through the West and over the country in general. The lamb feeding areas, notably Colorado, are enjoying exceptional prosperity, profits of as much as \$5 a head, which are unusual indeed, being frequently reported on the winter's feeding operations.

While the sheep and wool interests lead, it is not exaggeration to say that the livestock industry in general is contributing to the more hopeful feeling in the West. Kansas, Nebraska and Oklahoma are faring exceptionally well with their sales of hogs, the porkers bringing fully 60 per cent. more for corn than the raw grain commands on terminal markets. There is great surprise over the strength of the hog market. Europe is a good buyer, and the domestic demand for provisions seems to be holding

well. Supplies are not as heavy at expected, but a large spring pig crop is predicted. Unfortunately, the western states are not big hog raisers. They are interested most in cattle so far as livestock is concerned, and the cattle market shows the least improvement. But there is a better tone in cattle. Feeders who purchased thin stock since last fall have been able to show modest profits in many instances. There is more interest in the contracting of young cattle in Texas for spring delivery. Prices on ranges show moderate improvement over the quotations of the last few months, being up \$5 to \$10 a head, but still around \$15 lower than a year ago on the average. The fact that loans on cattle that were made when prices were considerably higher than at present are still outstanding constitutes a difficulty in the cattle loan situation. On the other hand, the successes of feeders this winter have reduced the volume of cattle loans held in the western states and will continue to assist in effecting liquidation.

The West rarely enjoyed a more open or more moderate winter. Some heavy storms and snows were reported in the more northern states, but the weather in general has been extremely mild—so mild that livestock was maintained at a minimum of expense and with a very small percentage of mortality. This, of course, is in favor of the stockmen and good for business. It augurs well for a generous lamb crop and a liberal output of calves. The younger the stock, the stronger will be the assets of stockmen. Close marketing of calves and lambs the last few years has created a situation that means plenty of room for additional holdings of young stock to be matured into breeding animals or for slaughter.

Horse and mule trade has been below normal. The unfavorable action of cotton reduced the abnormal buying by the South, while the spirit of economy among farmers checked the farm demand. The industrial demand was light.

In grain markets the action of prices was also encouraging. Corn rose under the stimulus of betterment in the livestock industry and extensive speculative buying. Wheat advanced sharply on the unfavorable winter wheat outlook in Kansas, Nebraska and

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Oklahoma, together with the declining farm movement and support from big speculative interests. Oats moved in sympathy with corn. There was a better market the past month for commercial feedstuffs, but hay moved only in moderate volume.

A peculiar situation exists in the corn market. The West is interested more in this cereal than in any other grain. Corn is cheaper than hogs. It is, in fact, the cheapest feed on the market, some commercial feedstuffs being considerably higher than corn on the basis of feeding values. But there is more corn than hogs and more corn than other feedstuffs. Gradually, however, a readjustment is expected to take place. While there is considerable agitation for a reduction in the corn acreage this spring, with such papers as *Wallace's Farmer*, published by the Wallace family at Des Moines, urging less planting of corn, the active European demand for provisions and the prices prevailing on other feedstuffs are making many grain men question the advisability of turning from that grain. Recovery in European industries will bring a big demand for pork and lard from the United States. The profitable winter hog market will enlarge the spring pig crop. As a result, many are asking whether a favorable situation will not prevail in corn markets during the coming year.

In the case of wheat, lowering of bread prices is believed to be adding to consumption in this country. Competition with other exporting lands, usually keen at this season, has not been as depressing as feared. There is a steady demand for flour. Wheat at terminals is in strong hands.

Behind the strength in grains and the improvement in live stock is the recent sharp advance in foreign exchange rates and the sentimental influence of the improved credit situation and the active desire of the Washington administration to improve the position of farmers. The recent agricultural conference at Washington did not evolve any remedy for agricultural ills, but it centered attention on the desire of Washington to help farmers, and doubtless discouraged speculative operations for declines in prices and encouraged some speculative buying. To a degree the conference helped sentiment, although there was manifestly disappointment in some quarters because the gathering revealed the futility of attempting to devise artificial measures for restoring agricultural prosperity.

Financially, there is improvement in all the states of the West from the viewpoint of banks. Many millions have been flowing into this territory through the instrumental-

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ity of the War Finance Corporation. Loans made by the Stock Growers' Finance Corporation are being transferred to the government agency. Perhaps the major portion of the money furnished by the War Finance Corporation to stockmen and other agricultural borrowers has gone into reserve city banks to be used to liquidate their loans, the obligations thus being transferred or refunded. The War Finance Corporation money has proved to be a help to all markets, having at least checked some liquidation which would otherwise have been forced. The livestock and grain situation on markets also helped to effect more liquidation than banks counted upon. Loans at the Federal Reserve banks of Minneapolis and Kansas City were reduced sharply and are now less than 40 per cent. of the combined total a year ago. There is a desire on the part of banks to effect further reductions in discounts. Already the larger banks are borrowing very little compared with their discount operations of the past two years. Sales of government securities to go to the East have continued in extensive volume, this also aiding in liquidation, but the western states are still heavy owners of high grade bonds. Business inter-

ests and banks are finding that farmers are carrying more government bonds than they believed. There is a spirit of economy among farmers, which is helping to reduce the shrinkage in deposits toward spring to a minimum.

Mercantile trade as a whole is quiet, but there is a better volume in retail channels as spring approaches. Implement houses are making strenuous efforts to enlarge sales, sharp price cutting being reported, especially in the case of tractors, the high cost of which has been an element of weakness so far as buying by farmers is concerned. There is still a feeling among farmers that more price readjustments must be made on mercantile markets. The oil industry is reporting a better demand for gasoline, with some large export sales, but crude prices are out of line, being relatively too high for small refiners. Coal mining is stagnant. There is little change in copper, lead and zinc, with perhaps a small gain in sales, although these industries are far from normal. Building in cities is still quite active so far as dwellings are concerned, but there are not apparent any broad plans for business structures. The spring season, as usual, is reducing unemployment.

Farmers, however, will employ as little outside labor as possible this spring.



CONVENTION DATES

Kansas—at Wichita, May 18-19.
New Mexico—at Las Vegas, Sept. 22-23.
Wyoming—at Laramie, Sept.
Oklahoma—at Oklahoma City, May 23-24.
North Dakota—at Minot, June 15-16.

WARD M. BURGESS ELECTED CHAIRMAN OF BOARD

Ward M. Burgess, for the last fifteen years vice-president of the Omaha National Bank, has been made chairman of the board of directors of that institution to fill the vacancy made by the recent death of former Senator J. H. Millard. Mr. Burgess has been a member of the board of directors of that institution for twenty years.

Walter W. Head, president of the Omaha National Bank, has been elected president of the Omaha Trust Company. Other officers were reelected.

JAMES E. FICKETT

Resignation of James E. Fickett as vice-president in charge of the credit department of the Bank of Italy, San Francisco, to become general manager of the David Eccles interests, with headquarters at Ogden, Utah, effective March 1, is announced in current dispatches by officers of the bank.

L. L. Mulit, for many years first vice-president and a director of the Northwestern National Bank of Portland, Ore., and who has been associated with the Bank of Italy for several months, will succeed Mr. Fickett at the bank's head office.

Prior to his association with the Bank of Italy, Mr. Fickett was chief examiner for the California State Banking Department.

SAN FRANCISCO BANK DEPOSITS

According to some statistics recently published, San Francisco ranks fifth among the cities of the United States in the number of banks whose deposits exceed \$15,000,000.

According to these same statistics, the Bank of Italy of San Francisco shows the largest gain in deposits in 1921 of any bank in the country.

UNION STOCK YARDS NATIONAL BANK

E. L. Hart, formerly cashier of the Union Stock Yards National Bank, Wichita, Kansas, was elected a director and vice-president at the annual meeting. D. Boone was elected cashier.

EXCHANGE NATIONAL BANK OF TULSA

At the annual meeting of directors of the Exchange National Bank of Tulsa, Okla., E. W. Sinclair retired as chairman of the board, and the president, R. P. Brewer, was elected chairman.

J. J. McGraw, vice-president, was elected president. Assistant cashiers elected were: E. L. Bradshaw, Elton Everett, F. C. Freedly and J. F. Matchet.

COMMONWEALTH NATIONAL BANK

L. C. Smith, formerly president of the Commonwealth National Bank of Kansas City, has been elected chairman of the board. R. M. Cook, vice-president of the Interstate National Bank, was elected president.

E. CORNISH ELECTED PRESIDENT

E. Cornish has been elected president of the American Bank of Commerce and Trust Company, Little Rock, Ark. Mr. Cornish has been associated with banking in Little Rock for twenty years and is widely known throughout the state.

Three new directors were named: A. D. Goldman, Harry Lesser and M. A. Hellman.

NEW BANK EXAMINER

Leon G. Kennedy has been appointed National Bank Examiner from Laramie, Wyo., and has been assigned to the Tenth Federal Reserve District. Mr. Kennedy is the assistant cashier of the First State Bank.



Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,
Arizona and Alaska

ECONOMIC CONDITIONS IN THE PACIFIC STATES

AN improved credit situation in the Twelfth Federal Reserve District is shown by the February 1 statement of the Federal Reserve Bank of San Francisco. Rediscounts reported on that date for the district showed a reduction of over \$100,000,000 from the corresponding date of a year ago. Indications are that during the coming months there should be an ample supply of credit for agricultural, industrial and commercial purposes at moderate interest rates.

Indications are that the new wholesale price level has been reached. Retail prices have not dropped equally with wholesale prices and hence will be longer in reaching a suitable basis. The cost of living is being kept up by the failure of rent, fuel and public utilities to join in the decline, attributable largely to the fact that wages have not been materially reduced. Another factor is the fact that merchants became accustomed during the war to realizing huge profits and cannot get over the habit quickly.

Increase in building operations, increase in volume of sales and increase in buying confidence are among the characteristics of the month. Firms and corporations reporting increased sales do not appear to be confined to any particular line. Real estate prices continue firm, and there is a stiffening of values in business property, new leases calling for larger rentals. Six per cent. is the prevailing rate for loans on commercial paper and mortgages.

Inquiry as to the general outlook for the coming year from the standpoint of the farmer developed a general expression of satisfaction with present prospects. The winter rainfall to date has encouraged the dry farmer, and the depth of snow in the mountains promises ample water for irrigation until late in the season. Conditions in the farming sections of the Northwest have greatly improved in the last two months. Feeding of lambs and sheep has proven very profitable. Cattle and hogs are selling at increased prices and wool buyers are endeavoring to contract for the 1922 clip at 30 cents—twice the amount offered a year

ago. Farmers are again to see a ready market and fair prices for their products, and the lumber industry is also in a healthier condition. The War Finance Corporation has distributed millions in loans among the stockmen within the past few months. This has had a wholesome effect on this industry and on banks in stock growing districts. In California supplies of dried and canned fruits are pretty well cleaned up, and the demand for these commodities, which slacked off somewhat during January, has again become firmer, so that the new season will be gone into with very little carry-over. The pineapple packers of the Hawaiian Islands cannot begin to supply the demand for sliced pineapple, and even with the new plantations and the expansion of old ones it is not figured that the supply will catch up with the demand inside of five years.

The past month in the investment market has been rather featureless. There has been a pause, but not a reaction, and in the meantime a pretty substantial lot of offerings has been absorbed. In most cases issues have been on an income basis not thought possible even so short a time as four months ago. Business conditions and the probable trend of money look good for high grade bonds and justify one in believing that there is still room for early further advances.



CONVENTION DATES

American Institute of Banking, Portland, Ore., July 17-20.

Investment Bankers Association, Del Monte, Oct.

Oregon—at Portland, July 17-20.

Washington—at Spokane, June 9-10.

Utah—at Salt Lake City, June 16-17.

California—at Del Monte, May 24-27.

Idaho—at Hayden Lake, June 6-7.

BANK CONDITIONS IN CALIFORNIA

In his recent report to the State Banking Department, Jonathan A. Dodge, super-

intendent of banks, said in part about bank conditions in California:

"California is the only state in the American Union that has conquered the evils of the inflation and numerous disturbances that followed the World War. It has surmounted every obstacle in the path of its prosperity and its resources are mounting with amazing rapidity. The state has returned to its normal basis of trading. Its productive activities are in full swing and it is accumulating wealth in a manner that is absolutely astonishing.

"I hesitate to use words of the superlative, but the facts and figures disclosed with reference to the condition of our state banks on December 31, 1921, as compared with that condition as reflected on September 6, 1921, silence any thought of exaggerated expression or of an optimism that is not founded absolutely on conditions existent and reflected in our banking institutions.

"In this state, as in every other state of the American Union, this is a period of financial deflation. The figures of the state banks, therefore, cannot under any possible circumstances disguise an inflated condition. Every dollar that is now represented in the assets of these banks is a dollar of actual, economic increase. When I record, therefore, that in the period from September 6, 1921, to December 31, 1921, the assets of our state banks increased in the aggregate of more than sixty-seven million dollars, reaching a total of more than \$1,578,000,000, the largest in the history of the state, I am stating a fact that is supported by indubitable figures. During that time our banks increased their loans in the sum of more than thirty-five million dollars. The individual deposits in the state banks increased more than fifty-seven and a half million, an increase in the commercial department of our state system of more than twenty-six million dollars and an increase in the savings deposits of more than thirty-one millions of dollars. The gross deposits of the state system increased more than eighty-two and one-half million dollars; of this immense aggregate the commercial department increased thirty-six million dollars, while the increase in the savings department was even greater, being over forty-six millions. These amazing figures tell the story of our prosperity."

SEATTLE NATIONAL BANK HAS NEW BUILDING

The Seattle National Bank, Seattle, Wash., according to its statement of December 31, 1921, has total resources of \$26,519,710.15; surplus and undivided profits, \$872,-

294.53, and deposits, \$23,335,016.35. Deposits were increased \$3,775,000 since the September call.

The bank is just completing a new bank building of three stories, with a full basement, to be used exclusively by the bank for its own quarters. This will represent one of the most complete and up-to-date banking homes on the Pacific Coast, as great care has been exercised in securing the most up-to-date equipment possible for the efficient handling of banking business.

The interior of the lobby will be furnished throughout with Travertine Italian marble, with a ground floor space of 106 by 110 feet. This will be one of the largest banking rooms on the Pacific Coast. The exterior of the building will be entirely of a rich Tennessee marble, which is just at the present time being set in place, covering the steel reinforced concrete construction.

SAN DIEGO INSTITUTION ACQUIRES BANK

The National City State Bank of National City, Cal., has been purchased by the Southern Trust and Commerce Bank of San Diego.

In response to an insistent and popular demand on the part of the people of National City and through the efforts of S. Francisco, president of the National City State Bank, who worked out the details, the institution was purchased. In so doing, the large banking concern gives to National City a large and strong banking institution, with resources totaling about \$15,000,000, a capitalization of \$1,000,000 and deposits aggregating more than \$13,000,000.

Harold Requa, of the National City, will be in charge, assisted by the former cashier of the bank, J. L. Mathews. Mr. Requa has lived in National City for the last twenty years, and to his experience as assistant cashier in the San Diego bank for the last few years will be added his knowledge of local conditions, problems and needs. When the final legal steps have been taken, he will become manager of the local bank, to be assisted by J. L. Mathews.

The former president of the bank, S. Francisco, on account of the necessity of taking care of realty interests with his firm, Grable, Francisco & Bleifuss, most of them in the vicinity of La Mesa, felt the affairs of the bank could be better served by the larger institution.

A. P. GIANINNI ON EIGHT MONTHS' TOUR

A. P. Gianinni, president of the Bank of Italy, San Francisco, is en route to Paris,

from which point he begins an eight months' tour of important European and Asiatic commercial centers.

According to present plans Mr. Giannini will go from Paris to Rome and spend two months in Italy visiting points of interest there, as well as inspecting the branches of the Banca d'Italia Meridionale, returning to France for May and June. During July and August he will visit London and other commercial centers of England. Leaving London the latter part of August or early September, he will return to the United States by way of Russia and Siberia to Vladivostok, or through the Suez to India and the many places of interest in the Orient.

In announcing plans for his trip, Mr. Giannini said that he would take this opportunity to secure a vacation, although a great deal of his time would be devoted to matters of business importance. The banking situation in many of the foreign countries to be visited is in an interesting period of transition, and he will make a close study of possible new methods or procedure that may develop. As head of the institution that has championed the cause of statewide branch banking in this country, he is especially anxious to observe the operations of the larger Continental banks where this same method is pursued.

BANK OF ITALY USES POSTAGE METER

Post-office permit number one, the first granted on the Pacific Coast authorizing the use of a postage meter, has been issued in San Francisco to the Bank of Italy by Postmaster James E. Power.

No more "licking" postage stamps; no more sealing letters, for the new machine performs both of these functions in one operation. In addition—and from the point of view of the postal authorities this is the most important feature—the postal meter cancels its own stamp imprint, obviating the necessity of running letters through the cancelling machine at the post-office.

As a time and labor saver, the postage meter is unique. Its value to large establishments in handling their mail has been demonstrated during the period of experimental use, and its potential possibilities in saving taxpayers money, through the reduction of the Government's expenditure in printing stamps, is apparent.

When the machine is issued, the customer pays for a certain number of stamp imprints and the post-office department adjusts the mechanism to turn out exactly that

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Prompt handling of collections through close connections on each of the Islands in the Territory.

number and no more. The lock is then set, and the customer proceeds to use the machine. When the full amount has been printed the machine stops, and cannot be used until the postal representative resets it.

The invention of the postage meter is comparatively recent and its installation has been effected in only a few of the larger eastern institutions—notably the Federal Reserve and National City banks in New York. The meter secured by the Bank of Italy will be the first one in the West.

SAN FRANCISCO AGRICULTURAL LOANS

Agricultural loans aggregating more than \$5,500,000 have been approved by the California Joint Stock Land Bank, according to figures published recently. New applications received during January totaled \$1,185,000, of which amount nearly one-half has been acted upon already in a favorable manner.

"Money available at 6 per cent., with the loans running for more than thirty years, appeal to those engaged in agricultural enterprises," said A. W. Hendrick, vice-president of the bank. "In addition it presents to many bankers in rural communities the practical solution to frozen farm credits. By assuming the burden of these long term transactions and extending so favorable a rate of interest, the Joint Stock Land Bank is taking a very definite place in present-day agricultural readjustments."

The summarized schedule of applications and approvals for California and Oregon shows:

CALIFORNIA	
Total approvals	\$3,969,800
January applications	705,550
January approvals	178,500
OREGON	
Total approvals	\$1,617,500
January applications	479,500
January approvals	250,000

Dominion of Canada

Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Newfoundland, Prince Edward Island and Yukon

ECONOMIC CONDITIONS IN CANADA

By J. W. TYSON

THERE is evidence of a steadier tone to the financial and business situation which seems to be an indication that the process of readjustment is finding a new foundation upon which prosperity can again be built, but as yet constructive forces have made no marked headway. Canada's dependence upon her agricultural production and natural resources as the basis of national income is again being more and more generally recognized after a period of manufacturing activity in meeting demands for war supplies and general merchandise for export; with this recognition comes the realization that there is not likely to be any marked improvement before another crop. In the interval much consideration is being given to such questions as the adjustment of wages, reduction of freight rates and making provision for better marketing facilities and better markets—all looking to the improvement of prices on the one hand and the reduction of costs on the other to not only provide the farmer with a margin of profit, but cut the prices of the goods he requires to such an extent that he can buy in something like normal volume and thus bring activity to the manufacturing industries, with relief for the unemployed.

Under these circumstances—and after a period in which the farmers, particularly in Western Canada, have been urged to increase acreage without respect to conditions—a lower acreage under cultivation is likely to increase rather than decrease the net returns in profits. There has been much unprofitable farming because of high overhead charges and small yields; smaller acreage with bigger yields would be much preferable. Some of these points are being brought home to the farmers with the admonition that while every effort should be made to reduce transportation costs, money rates, costs of supplies, etc., close application must also be given to the question of cutting operating costs on the farm on the basis that war-time prices are a thing of the past and that the farmer, like the manu-

facturer, must get his costs down to the very minimum if he desires to find a place in world markets. This situation has been effectively outlined in a circular sent by Charles W. Williams, of Galesburg, Ill., to his farmer tenants in the Regina district, Western Canada:

"We as farmers of America have been sowing automobiles, tractors, trucks, gasoline engines, electric light plants, lightning rods, fine buildings, elegant furniture, loud wearing apparel, and a riotous and dissipated life. We have neglected our farms, refused to labor, and have spent money like drunken sailors, and now we are harvesting what we have sown in the years gone by, and it's a harvest most of us will not soon forget—one of sorrow and regrets, and great financial losses. The immediate future is not bright, but the clouds, if we are worthy, will some day pass away. It is back to the farm—back to the horse—back to hard work—back to economy—back to an honest, industrious life before God and man, and for those who accept this program there is a brighter day coming. We are no worse off than farmers all over America, all have gone down together, for the same causes have brought about the same results, but located as we are in the greatest spring wheat country in all the world, we should recover from our present financial condition sooner than others, and will if we have faith in ourselves and in our great country.

"The present prices for grain are on a low level and will remain there, and we should insist on better and cheaper farm labor; \$35 per month for the entire season should secure the best of farm help, and the farmer who pays more is not wise and will regret it before his 1922 crop is disposed of."

The revelations which followed the taking over of the Merchants Bank by the Bank of Montreal have caused considerable stir financially. The serious impairment of the bank's reserves without any indication in the reports to the shareholders or in the monthly returns to the Government is regarded as indicating both a laxity on the part of the auditors in their responsibility to the shareholders and a weakness in the system of government returns which prom-

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ises to find echo when the Banking Act comes up for its periodical revision in 1923. So far as the merger itself is concerned it is recognized as a necessity in the crisis which occurred, but as to whether such a crisis was necessary and whether it was the result of poor executive control there seems to be room for no two opinions. The trial of an absconding member of a Montreal brokerage firm, with which the bank and certain officials thereof were closely associated, has led to information being made public which has had an unfortunate effect upon sentiment at such a time. The result is that there is a public feeling that something is wrong with the bank system. Leading business men and financiers whose opinions are reflected by such papers as the *Financial Post* have urged a thorough investigation, not to prevent the merger from going through, but because they feel that if certain individuals have been responsible that this should be made known to the public so that criticism now being directed at the Canadian banking system should be directed at those individuals. Also there is a feeling that any banking system will only prove its strength when those responsible for it recognize its weaknesses and repair them. In this connection the *Post* says:

The Merchants Bank case does not condemn the banking system of Canada; it does suggest, in the absence of evidence to the contrary, that the audit system may be inadequate under certain conditions of weakness in the management of a bank. It also suggests that the choice of a president of a bank may be as important as that of a general manager. Shareholders and directors of banks should be thoroughly convinced that the election of a president from

merely personal considerations, or his wealth, or the number of shares he holds, may prove fatal to the best interests of a bank, if with these is coupled an ignorance on the subject of banking as applied to the quality of commercial paper. The real protection of a bank is in its executive, and it might be far better in the interests of the community if the president of a bank were selected from a list of retired trained bankers, or at least from those whose business training enabled them from experience to deal intelligently with the vital point of bank loans. Some similar restriction may have to decide the choice of auditors. Usually the weak points in audits is the inventory valuation, and this applies in the case of a bank as much as in that of a lumber company, only infinitely more so."

The affair is regarded as particularly unfortunate in view of the agitation for Government banks—Manitoba already is in the banking business, Ontario is organizing a scheme and the organized farmers of Alberta are urging on the farmers' government of that province to secure a charter. The Alberta suggestion is novel in that it proposes to recognize the Federal Banking Act. A charter would be secured as in the case of a private bank and the Government would invest in stock from 51 to 100 per cent. Then the Government would start into the banking business in the usual way. The weaknesses are that it would be a provincial scheme and that an agricultural territory largely dependent upon one crop is not a satisfactory unit for successful banking in competition with institutions with connections across the Dominion, that borrowers would want favors from a government bank and would not be in a hurry to repay loans,

and that it would be of greater advantage to the farmers in the present crisis for the Government to back advances by the organized banks and the loaning institutions which have long been in the field rather than purchase bank stock in a venture which in the event of failure would involve double liability under the Federal act.

One of the effects of the Merchants Bank affair has been that the annual meetings of various banks, including the Royal, Dominion and Nova Scotia, have been marked by statements by high officials regarding the methods by which loans and credits are handled. These statements have indicated that the methods of administration in the case of the Merchants were in marked contrast to the close check usually kept by the management and directors upon the bank's business. In the course of an address on "Federal Financial Administration and the Banks," given before the Toronto Bankers' Educational Association, the Hon. Sir Thomas White, former minister of finance, made some statements having particular interest at the moment because of their bearing on the Merchants Bank situation. Dealing with the Dominion finance department, he said:

"The department has the duty of auditing the gold reserves. In connection with the audit of the banks required by the Act, the general managers name each year a list of accountants qualified, in their opinion, to act as auditors. This list is subject to the approval of the minister. By the Bank Act no agreement between boards of directors of two banks for the purchase of one by the other, that is to say, for merger, as popularly referred to, is valid without the consent of the minister of finance. After such agreement has been entered into and approved by the minister, meetings of the shareholders of the merging banks are held for the purpose of considering and approving of the agreement. Afterwards, the matter goes before the treasury board, which is a statutory committee of the privy council, of which the minister of finance is chairman. From the treasury board the agreement for the merger goes before the Government and is approved by order-in-council.

"The Bank Act provides heavy penalties against the making of false returns by any bank to the department. Penalties are also provided for transgressing the law as to the amount of notes which a bank may issue

and for other breaches of the provisions of the Act."



DOMINION BANK

Although there was a reduction in current loans of the Dominion Bank of \$2,500,000 during the year, the total for such loans of \$63,710,000 as shown in the annual statement, is a slightly larger ratio of the total assets than was the case in the previous year; the reduction of total assets was slightly under \$8,000,000, which was very largely counterbalanced by a falling of more than \$4,000,000 in saving deposits, \$2,000,000 in demand deposits and a decline of over \$800,000 in circulation. The manner in which current loans were maintained indicated that the bank very well looked after its commercial and agricultural clients, particularly in the grain trade. Call loans in Canada were cut by \$1,000,000 and call loans abroad by \$1,300,000, while current loans elsewhere than in Canada showed very little change. Loans on government securities were increased by over \$8,250,000 and those on public securities were reduced by more than \$7,750,000.

	1921	1920	1919
Profits	\$1,125,181	\$1,347,011	\$1,256,053
Prov. taxes		38,500	26,350
Gov. tax	108,919	120,000	60,000
Net	\$1,016,262	\$1,188,511	\$1,169,703
Bal. forward	669,218	495,707	446,504
	\$1,685,480	\$1,684,218	\$1,616,207
Dividends	\$ 780,000	\$ 780,000	\$ 780,000
Patriotic			10,500
Pension	40,000	35,000	30,000
Premises	150,000	200,000	300,000
Balance	715,480	669,218	495,707
	\$1,685,480	\$1,684,218	\$1,616,207

MANITOBA'S BANK

From an economic angle the story of the provincial government's financing of Manitoba agriculturists is not a particularly cheering review, according to a Winnipeg banking authority. It indicates a continuance of monetary assistance upon a generous scale for 1922. The annual report of the Rural Credits' Department of the Manitoba Government as tabled in the legislature shows that of the \$2,556,975 advances to rural credit societies up to November 30, 1921, \$939,000 was authorized to be carried forward into 1922. The balance of \$1,617,000 remained to be collected before the commencement of 1922. On November 30, 1921—the date when the department's accounts were closed—however, only \$480,000 or 30 per cent. of this \$1,617,000 balance had been liquidated.

HOTEL



CECIL

THE "CECIL" is the hub of London for business or pleasure.

Visitors have the advantage of the right address with a reasonable tariff.

The service is quiet and unobtrusive, yet always fully efficient, nothing is lacking in comfort or convenience, and the cuisine is perfect.

Write or Cable to the Manager for the tariff

[Cables: "Cecelia, London"]



GREAT WEST BANK

Efforts to float the stock of the Great West Bank are being continued. The General Bond Corporation of Winnipeg is the promoting organization, and it is now hoped that the issue will be taken up by July. If this is the case, the shareholders will be called together to perform their duties according to the provisions of the Banking Act. In the meantime, the Canada Trust Company is the custodian of all money paid on account of the stock.

It will be remembered that early efforts to float this project fell through because of some rather unfortunate developments. The idea now seems to depart from the plan of a purely western institution to make it a national one. Conditions, however, can hardly be considered favorable for the sale of stock in a new bank in view of the commercial and industrial situation. No doubt this institution, if organized, could make loans in Western Canada, but whether such loans would be profitable is another matter.

BANK OF NOVA SCOTIA

The addition of \$1,000,000 to reserve, making a total of \$19,000,000, as compared with \$9,700,000 of capital, is an outstanding feature of the annual report of the Bank of Nova Scotia. The net profits of \$2,111,733 were less than for the previous year, but substantially above those for 1919. Dividends were paid at the rate of 16 per cent. and a substantial sum written off in addition to allowances for pensions and taxation. The effect of the \$1,000,000 added to reserve was to reduce the surplus from \$982,595 to \$65,328. Following are comparative figures of profit and loss:

	INCOME ACCOUNT		
	1921	1920	1919
Bal. forward	\$ 982,595	\$ 704,172	\$ 749,694
Net profits	2,111,733	2,327,423	1,925,478
	\$3,094,328	\$3,031,595	\$2,675,172
Dividends	\$1,552,000	\$1,552,000	\$1,381,333
Reserves	1,000,000	.....	200,000
Pension fund ..	80,000	100,000	100,000
Tax on clr.	97,000	97,000	89,667
Written off	300,000	300,000	200,000
Surplus	\$ 65,328	\$ 982,595	\$ 704,172

Coal By-Products in Bank Window

A BIG lump of shiny bituminous coal, which, under sunlight or spot-light, scintillates the prismatic colors, might not make a selling display in a bank window. But when surrounded by specimens of the unusual and varied by-products derived from coal, such a lump might be the center of a display that would compel the attention of many passersby.

This has been the experience of the Guardian Savings and Trust Company of Cleveland in showing the results of science and industry in developing many useful by-products from natural resources and native products. This coal display was seen by thousands who passed the Guardian window, facing busy Euclid avenue. It attracted the attention of people in other sections of the city and the suburbs, where it was exhibited in the windows or lobbies of branch offices.

Purple, red, blue, yellow and black anilin dyes in solution gave added color to the display. Small containers of benzol and toluol, an ingredient of TNT, were two of the by-products of coal gas shown. Aqua ammonia and sulphate of ammonia indicated some of the chemicals derived from gas liquor, which comes from the coal in the process of coke-making.

The by-products of corn furnished another display of this type. Glass containers showed the preliminary steps in treating corn to get the by-products. With this were shown starch; sugar and corn syrup; soap and soap flakes; corn oil cakes; corn oil, used in frying, cooking and salad-making; paragol, substitute for rubber; and dextrines, used in the making of adhesives pastes and certain medical goods.

Practically all the materials of these displays were supplied by manufacturing and wholesale concerns, with the understanding that such exhibits were not planned as advertising material for their producers, but as educational, industrial and scientific displays.

But how were the displays linked to banking? The commercial element was obviously present; but the Guardian Bank, however, sought to link the idea of by-products to savings. The poster in the window read:

BY-PRODUCTS OF CORN:

Rubber substitute; starch; sugar; corn syrup; adhesive paste; corn oil.

OF A GROWING SAVINGS ACCOUNT:

A reserve for emergencies; confidence for the future; the habit of thrift; the accumulation of interest.



Display of by-products of corn which appeared in the window of the Guardian Savings and Trust Company of Cleveland

The Bucket Shop Failures

NUMEROUS failures of bucket shops in New York in the last month or so have served to draw fresh attention to this peculiar type of institution which hangs on the outer edge of the financial mechanism of the country. These failures have been of such a sensational character in many instances and have revealed such heartless and bare-faced swindling as to go far toward justifying much of the criticism launched against "Wall Street." The public, excited by these sensational happenings, will fail to remember that practically all of them have been of concerns not members of the New York Stock Exchange. Thus the legitimate brokerage houses will, through no fault of their own, suffer in the public estimation. It is not even impossible that distrust of the banks may be engendered.

That a situation charged with such peril to the legitimate financial interests of New York should have been permitted to develop in the way it has without earlier application of necessary remedial measures is a fact difficult of explanation. It would seem that the reputable brokers and the banks ought to have insisted on locking the barn before so many horses were stolen. Governmental action has, as usual, been indifferent until aroused by the catastrophe. Just as when a building collapse occurs the inspection of public structures is suddenly and spasmodically given an appearance of real efficiency.

It goes without saying that, through stricter laws or a more rigid enforcement of those already existing, the operations of concerns like those recently failing in New York ought to be prevented or at least checked before they are allowed to despoil trusting "investors" to the extent recorded in these instances.

There seems little hope of curing people of the mania for being shorn by concerns of this type. Some progress might be made in this direction if the legitimate investment concerns and the banks as well would systematically and persistently endeavor to educate the public to an understanding of some of the simplest principles applicable to the safe investment of money. If such work be considered outside the real functions of investment banking, the addi-

tional profit which it would produce ought to be a sufficient justification for the innovation.

A number of the losers through these failures have been women, and in some instances they have lost funds which were left them by husbands who had confidence that the bequests would be safely employed. Usually it is considered a special mark of affection for a husband to leave his fortune to his widow unconditionally. But the frequent cases where such bequests are lost through unwise investments or wheedled away outright by swindlers would indicate that a husband who turns over his fortune unconditionally to his widow renders her a very poor service. If the widow is experienced in business, or possesses the rare ability of making safe investments, the plan may work well enough. But such cases are exceptional. The safer procedure for a man dying and leaving a widow or children of immature years is to create a trust fund to be administered for their benefit by a responsible bank or trust company.

It is a reproach to the sound and honorable traditions of New York finance that concerns like those recently failing should be allowed to pursue their operations apparently without any restraint. The reproach is one that cannot be too quickly removed.



The Proposed Ship Subsidy

PRESIDENT HARDING'S proposal for a ship subsidy is an official recognition of an obvious fact, namely, that under existing conditions American ships cannot be successfully operated without assistance by the Government. Whether "the most colossal commercial wreck in history" can be put upon a sound basis by public aid to the extent of some \$30,000,000 annually may be regarded with some doubt. The proposal seems a good deal like pouring water into a sieve.

The President urges the advisability of having a mercantile marine as an auxiliary to the navy, and if this is needed, and our merchant ships cannot be profitably operated without help from the Government, perhaps there is no other way than to adopt the President's suggestions. But there are plenty of practical steamship men who consider our existing laws regarding the navigation of American ships as being the chief hindrance to their profitable operation. And there are many others who believe that we shall never establish a merchant marine until our tariff policy is framed in a way to afford greater encouragement to imports. Still others hold that what we need to get our ships going is to take a more active share in restoring the world's trade and business.

The method now proposed, and the one now apparently most in

favor at Washington, would disregard these considerations and seek to help the steamship interests by grants out of the public revenues.

It is not calculated to enhance the popularity of any publication by taking a stand in opposition to the extension of our merchant marine. The desire to have our flag on the seas and in the ports of the world has fired the popular imagination, and this may reconcile the people to paying the proposed subsidy. Whether we shall profit as much as is hoped for by extending the operations of our merchant fleet is a debatable question. It resolves itself into the matter of ability to handle this type of business with economy and efficiency. That is a wise man who does not himself attempt to do what others could be employed to do more advantageously. The same principle applies to the shipping business. We must not lose sight of the fact that this country has prospered enormously in the last generation with almost no merchant fleet of our own. We were busy in other ways and were making more money by employing our own capital and large amounts of borrowed funds in building railways and in developing our varied domestic industries. Truly enough, times have changed; but it is not yet clearly apparent that dollars put to work on the sea will produce more than those employed on the land.

Granting, however, that the development of a vast merchant marine would be not alone gratifying to American pride, but would benefit our industries and commerce, the question remains, Are we ready to pay the price? And this does not mean merely that we shall grant the ship subsidy which the President favors, but that we shall take all the other steps by means of which an American merchant marine can be established and profitably maintained. Unless we take these other steps, the payment of \$30,000,000 a year to subsidize American shipping looks like an indefensible waste of public funds. We have not so much money that we can afford to throw \$30,000,000 a year into the sea.



Comptroller Criticises Indiscriminate Rediscounting

BEFORE the enactment of the Federal Reserve Law rediscounting was looked upon with extreme disfavor by the majority of American banks. Few of the great banks in the principal financial centers ever reported "rediscounts and bills payable" in their balance-sheets, although these items were frequently encountered in bank statements in certain parts of the country, chiefly among the smaller banks of the South and West. Even for some time after the passage of the law in question the banks were

slow in taking advantage of its rediscounting provisions. But when the United States got into the war, with the necessity for making full use of all the credit facilities, the practice of rediscounting became general. There seems to be a continuation of this practice after the necessity for it has passed away, although in the last year or so rediscounts have heavily declined.

The tendency of the banks to make too free a use of the rediscount facilities is thus deplored in the recent report of the Comptroller of the Currency:

"Even the most sanguine of its authors would not have claimed that the Federal Reserve System was perfect. It did not spring full-panoplied from the brow of either wisdom or experience. In some of its phases the experience of recent years has demonstrated need of modification. Particularly, I suggest serious consideration of some limitation on the privilege of rediscounting bank paper as a means of extending credit. The rediscounting of one bank's paper at another bank is at best a questionable procedure, liable to become a menace when a bank pyramids credits by rediscounting too much of its paper to other banks.

"When the Federal Reserve legislation was passed, including the provision for rediscounting bank paper, there was very general doubt whether that privilege would ever be availed of to any considerable extent. But in the trying times through which we have since then passed this procedure has been quite extensively employed. I wish to be understood not as opposing it altogether, but as urging some safeguards that I feel should be thrown about it. Properly limited and restricted, such rediscounts constitute a practicable means of distributing credit, and of enabling the less fortunately situated communities to draw aid, especially for heavy seasonal requirements, from other communities which are able to extend it. But granting all this, I feel that recent experience admonishes us of the need for limitations and safeguards against the possibility of excesses. Such limitations would impose no hardship on conservative bankers whose policy would be to keep on the safe side, but they would guard against the procedure being carried too far by less conservative institutions. If the law had placed a wise and proper limitation upon the extent of these rediscounts, very few national banks, in my judgment, would have failed or even been gravely embarrassed. On the basis of actual experience with the national banks during this period, I believe that if they were limited in their rediscounting operations in some ratio to the capital and surplus, it would be a wise insurance against undue inflation, and a further guaranty of the security of the banks. So long as it is possible for banks to exercise an unlimited privilege of rediscounting their eligible paper, there will always be a temptation to embark on an inflation spree that is extremely liable to bring about the embarrassment,

and perhaps ruin, of the institution. In view of recent acute experiences, I strongly urge that a modification and definite limitation, such as I have suggested, should have the earnest consideration of the Congress.

"With one exception, the Federal Reserve Banks require collateral from banks rediscounting eligible paper. This requirement tends to take a too large proportion of the best paper out of the rediscounting bank. This has at times left the rediscounting institution in a difficult position if called upon to face extraordinary demands from depositors, because the bank finds itself without sufficient desirable paper to sell, to rediscount, or to offer as collateral for cash needed to meet the demands of depositors."

As bearing on this question, it is recalled that a director of one of the Federal Reserve Banks resigned because the board had rediscounted for a small country bank more than five times its capital and surplus.

There are brief periods in each year when almost any bank may find it advantageous to rediscount, and there are seasons of considerable length when banks in some localities may need to make use of this means of borrowing. But when any particular bank or any section of the country is permanently rediscounting, and in increasing volume, it indicates a deficiency, not merely of current funds, but of banking capital. And it is certainly a misuse of rediscounting to employ it as a means of providing banking capital.

As a matter of fact, our banking is drifting into a position where the Federal Reserve Banks are regarded as wholesale providers of credit to be dispensed at retail by the member banks, the latter making a substantial profit in the transaction.

By limiting rediscounting in the manner suggested by the Comptroller of the Currency we should avoid much of existing inflation and would hold this valuable banking function more in reserve for its real use—a powerful auxiliary under special conditions and during certain limited seasons of the year.



Statistics of Foreign Indebtedness

SINCE the adjustment of the debts due from foreign countries to the United States will shortly be undertaken by the Allied Debt Commission, it becomes a matter of importance to understand the amount of such debts owing by the respective countries; and it is also interesting, in this connection, to know the debts due from certain of the European nations to the countries which are indebted to the United States. This information has been compiled and was recently embodied in a speech made in the United States

Senate by Senator McCumber, chairman of the Finance Committee. It is reproduced herewith as being of permanent value in the consideration of the Allied indebtedness to the United States:

PRINCIPAL AND INTEREST OWING BY GREAT BRITAIN, FRANCE, ITALY AND BELGIUM
TO THE UNITED STATES

Great Britain:		
Principal	\$4,166,318,358.44	
Interest	509,173,742.89	
		\$4,675,492,101.33
France:		
Principal	\$3,358,104,083.20	
Interest	358,410,444.27	
		3,716,514,527.47
Italy:		
Principal	\$1,648,034,050.90	
Interest	202,279,732.07	
		1,850,313,782.97
Belgium:		
Principal	\$377,564,298.77	
Interest	42,699,698.78	
		420,263,997.55
Total amount due from above four debtor nations:		
Principal	\$9,550,020,791.31	
Interest	1,112,563,618.01	
		10,662,584,409.32
Total due from all other nations:		
Principal	\$600,380,514.18	
Interest	66,316,807.87	
		666,696,822.05
Percentage of total indebtedness owing to the United States by		
Great Britain, France, Italy and Belgium.....		94.1
Percentage of total indebtedness owing by all other nations.....		5.9

Senator McCumber then presented another table, showing foreign obligations in addition to the obligations from the loans made for the purpose of carrying on the war, such table being as shown herewith:

OBLIGATIONS OF FOREIGN GOVERNMENTS

The Treasury holds \$10,150,401,305.49 of obligations of foreign governments, distributed as follows:

Held for advances made under the various Liberty bond acts	\$9,434,774,829.24
Received from the Secretary of War and from the Secretary of the Navy on account of sales of surplus war materials (act of July 9, 1918).....	574,673,710.21
Received from the American Relief Administration (act of February 25, 1919).....	84,093,963.55
Held by the United States Grain Corporation (act of March 30, 1920).....	56,858,802.49
Total	\$10,150,401,305.49

The interest accrued and unpaid up to and including the last interest period upon the obligations of foreign governments and so-called governments held by the United States amounts to \$1,178,879,925.88, and the amount of interest heretofore paid on such obligations is \$478,863,632.99.

Another table, which follows, shows the loans to foreign governments by France as of June 30, 1921:

LOANS TO FOREIGN GOVERNMENTS BY FRANCE AS OF JUNE 30, 1921

[Converted at 5.18]

Belgium	\$584,300,000
Czecho Slovakia	106,000,000
Esthonia	2,222,000
Georgia	38,500
Greece	177,200,000
Italy	9,450,000
Latvia	2,220,000
Lithuania	1,158,000
Montenegro	2,500,000
Poland	208,800,000
Rumania	213,000,000
Russia	1,111,000,000
Serbia	300,000,000

Total \$2,717,888,500

No interest rate has been agreed upon and no interest is being paid.

In the next accompanying table Senator McCumber presented a table of the loans to the Allies and Dominions made by Great Britain up to March 31, 1921, showing the loans made to each country:

LOANS TO ALLIES AND DOMINIONS BY GREAT BRITAIN, MARCH 31, 1921

[Converted at 4.86]

Dominions:

Australia	\$437,400,000
New Zealand	143,856,000
Canada	67,068,000
South Africa	36,450,000
Other dominions and colonies.....	15,066,000
	<hr/>
	\$ 699,840,000

Allies:

Russia	\$2,728,404,000
France	2,707,020,000
Italy	2,317,248,000
Belgium—	
(a) War	458,784,000
(b) Reconstruction	43,740,000
Serbia	107,406,000
Portugal, Rumania, Greece and other	
Allies	321,732,000
Relief	81,162,000
	<hr/>
	8,765,496,000

Total \$9,465,336,000

No information as to the rate of interest charged on the above loans.

The next table shows the total indebtedness, population and per capita indebtedness of the United Kingdom, France, Italy and the United States:

NATIONAL DEBTS, POPULATION AND PER CAPITA INDEBTEDNESS OF THE UNITED KINGDOM, FRANCE, UNITED STATES AND ITALY

National debts (converted at normal pre-war value of the respective currencies):

United Kingdom	\$37,910,000,000
France	51,000,000,000
United States	23,922,000,000
Italy	18,650,000,000

Population:

United Kingdom	46,089,000
France	41,476,000
United States	105,683,000
Italy	36,740,000

Per capita indebtedness:

United Kingdom	\$822.54
France	1,229.62
United States	226.35
Italy	507.62

Besides the debts scheduled above, there are owing to the United States the sums indicated in the accompanying table:

OBLIGATIONS OF ALL OTHER COUNTRIES

	Total under Liberty Bond Acts
Cuba	\$ 8,575,000.00
Czecho Slovakia	61,256,206.74
Greece	15,000,000.00
Liberia	26,000.00
Rumania	23,205,819.52
Russia	187,729,750.00
Serbia	26,175,139.22
Total	\$321,967,915.48

From these tables it will be seen how heavy is the debt which hangs over Europe, and the United States as well. It will also be seen how complicated is the situation on account of inter-Allied indebtedness. If Great Britain and France could collect the money owing them from other countries, the settlement of their obligations to the United States would be greatly simplified. But the bulk of such indebtedness is uncollectible at present, and a considerable part of it will not be paid for a long while, if at all.

While Congress has established fixed rules in regard to the adjusting of the Allied debts to the United States, and has prohibited the Allied Debt Commission from cancelling any of the obligations due us, a thorough understanding of the situation, such as the

foregoing tables afford, should go far toward establishing in this country a better realization of the difficulties under which the debtor countries are laboring.



Bankers Not Urging Cancellation of Allied Debts

THE charge has been repeatedly made in Congress that large banking interests in this country are urging the cancellation of the Allied debts due to the United States Government, in order that the Allies might be better able to pay debts owing to the bankers. Regarding this charge, the following interesting statement has been published by Thomas W. Lamont of J. P. Morgan & Co., New York:

"So many inaccurate and exaggerated statements have been made as to the amount of European government loans now held by private investors in this country that it may be of advantage to throw some light on the situation. Many of the misstatements in question have been made in the course of discussions as to how the Allied indebtedness to the United States Government should be handled. Statements as to the amount of foreign government indebtedness held by America have been as high as \$5,000,000,000. It has also been frequently declared that American bankers are urging the cancellation of the Allied debts on the theory that they are heavy holders of European government bonds already issued.

"For such statements as these there are no supporting facts whatsoever. What do the actual figures as to these outstanding government obligations show? The total amount of loans to the Allied governments of Europe, issued publicly in the United States (that is to say, bought and issued by American banks and banking houses), was, from the outbreak of the war on August 1, 1914, to January 1 of this year, approximately \$2,587,000,000. Of this total amount there have already been paid off approximately \$1,770,000,000, leaving outstanding less than \$818,000,000. The detailed table may be of interest:

LOANS TO EUROPEAN ALLIED GOVERNMENTS ISSUED PUBLICLY IN THE UNITED STATES

	Issued Aug. 1, 1914, to Jan. 1, 1922	Paid Off Aug. 1, 1914, to Jan. 1, 1922	Outstanding Jan. 1, 1922
United Kingdom	\$1,420,818,000	\$1,027,231,000	\$393,587,000
France	805,000,000	611,965,000	193,035,000
French cities	131,000,000	86,000,000	45,000,000
Belgium	109,270,000	9,525,000	99,745,000
Italy	36,311,000	25,000,000	11,311,000
Russia	85,000,000	10,000,000	75,000,000
Total	\$2,587,399,000	\$1,769,721,000	\$817,678,000

"Of the total just set forth, the amount of loans issued since the armistice aggregates approximately \$641,000,000. Of this total approximately \$500,000,000 were issued merely for refunding purposes; that is, to take up loans already outstanding here and, therefore, calling for no fresh moneys.

"Now, of the total amount of these Allied government loans (approximately \$818,000,000) still outstanding, the amount held by bankers themselves, as shown by a careful canvass, is negligible. Bankers are merchants. They buy securities believed by them to be sound, and sell them to investors. In the same way, these foreign loans were distributed among the investors of the country, who still hold them. With the possible exception of the Russian loan of \$75,000,000, they are, in my opinion, good in themselves, and irrespective of whatever action may be taken on the debt question, as among the governments themselves. From the foregoing it ought to be manifest, first, that the total amount of these European loans held here is not large; and, second, that, such as they are, they are owned almost exclusively by the rank and file of private investors throughout the country."

It will be found that such opinion as exists in this country, either among bankers or others, in favor of cancelling the Allied debts rests upon quite other grounds than those indicated. A good many people believe that the payment of these debts, which must of necessity be made chiefly in the shape of goods exported from the debtor countries to the United States, will seriously dislocate our domestic industries, while others believe that there are sound reasons of policy why the United States should not insist on the payment of these debts. But, upon the whole, opinion seems to incline to the opposite view, and Congress has declared against cancellation. No evidence exists showing that the sentiment of the bankers is much, if any, different from that of others respecting this question. At all events, as Mr. Lamont shows, bankers have no selfish reasons for urging that the debts be cancelled.



United States Loan to the Netherlands

THE offering of a Dutch loan in the United States seems like a case of "carrying coals to Newcastle." At any rate, it represents one of the sharp phases of a reversal of financial arrangements caused by the war.

Holland has been for a long time a lender rather than a borrower, and has made large permanent investments in the United States. It is difficult to realize that we are now asked to help in floating a loan to the thrifty Dutch. But the fact that we have been

so invited in no wise indicates that the thrift, enterprise or financial shrewdness of the Dutch bankers and people have diminished in the least. Although neutral during the war, Holland was put to considerable trouble to maintain neutrality, and both while the war was in progress and since has suffered either on account of increased expenditures or diminished trade. Her great maritime interests and the overseas trading have constituted one of the chief sources of income, and in the last year or so this has been unfavorably affected in common with such interests all over the world. But Holland has escaped inflation, the gold reserve against the circulation of the Bank of The Netherlands being about 60 per cent. on January 23 last, as compared with 52 per cent. in July, 1914. The guilder is at a premium in London and is rapidly approaching parity with the dollar.

The enterprise and thrift of the Dutch people, the remarkable capacity they have shown in commerce and banking, the soundness of their banking and money systems, and the political stability of the country, constitute a reliable basis for future prosperity.

In the past, as has been said, The Netherlands have made liberal loans to this country, and it should be a source of satisfaction that we are now able to return the compliment. Besides, a Dutch loan yielding upwards of six per cent. is a mighty comfortable security to have in one's strong box.



GREEN, in his "Short History of the English People," says of Pitt (the Younger): His characteristics were a love of mankind, and a belief that as the happiness of the individual can only be secured by the general happiness of the community to which he belongs, so the welfare of individual nations can only be secured by the general welfare of the world.



LEVI L. RUE

President Philadelphia National Bank

MR. RUE was born in Philadelphia in 1860 and was employed as a junior clerk in the Philadelphia National Bank in 1878. After advancing steadily through several clerical positions, Mr. Rue became successively teller, assistant cashier, and, in 1894, cashier. The burden of the panic of 1894 fell largely upon him as assistant cashier, as the bank had no cashier at that time, and the president was away. In 1900 Mr. Rue was made vice-president and in January, 1907, he was elected president.

Mr. Rue is a director of the Pennsylvania Railroad Company, Philadelphia Trust Company, and Provident Life and Trust Company. He is president of the Philadelphia Clearing House Association, and president of the Federal Advisory Council.

The Country Banker as a Counselor and Friend

By George Woodruff

President First National Bank, Joliet, Ill.

IT was nearing closing time in a certain bank located in the Middle West when a greatly agitated woman—we shall call her Mrs. Mary Smith—pushed her way up to the cashier's desk.

"Mr. Jones," said Mrs. Smith, excitedly, "I have just received a telegram from a friend of my son's in which he tells me that my boy has been injured in an automobile accident on Long Island. He gives me no address and very few details—what, oh! what, am I to do?"

"May I see the telegram, Mrs. Smith?" said the cashier kindly, "the chances are, you know, that your son has not been seriously hurt. In any case we shall secure full particulars for you at once. In the meantime do sit down and rest," the cashier added, drawing up a chair.

The cashier read the telegram quickly. It was, as Mrs. Smith had said, very unsatisfactory. It gave no details except that the boy had been injured and taken to a hospital. It was just the sort of message that no thoughtful person would send to a mother. But the son's friend had, no doubt, been too excited to consider this fact.

After weighing the matter for a moment the cashier prevailed upon Mrs. Smith to permit him to send her home where she might be more comfortable until complete information could be secured. He then called his own wife on the telephone and asked her to drive at once to Mrs. Smith's residence so that the mother would not be given the opportunity to worry unduly until the facts in the case had been obtained.

These matters attended to, the cashier got busy. He wired at once to the telegraph office from which the message had been sent. He also wired to the cashier of the nearest bank, asking him to secure as quickly as possible full de-

tails of the accident, the condition of the injured boy, the name of the hospital to which he had been sent and as much more information as he could secure.

An hour and a half later he received a message from the eastern bank giving



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GEORGE WOODRUFF

President First National Bank, Joliet, Ill.

full particulars of the accident and telling him to assure the mother that her boy had not been seriously injured and that there was no cause whatever for worry. This information, needless to say, was at once conveyed to the mother and—with Mrs. Smith's thanks ringing in his ears—the cashier resumed his work.

This particular work, by the way,

consisted of helping the local grocer and undertaker to make out their respective income tax reports, after which—as scoutmaster of the local troop of Boy Scouts—he topped off the afternoon with a brisk “hike” to the nearby river, where, largely through his efforts, a scout camp had been built.

Nor is there anything entirely unusual in these activities. With variations, they typify the life of the cashier of the modern country bank—a man whose motto is *service*, and who, by the very nature and extensiveness of his relationship with the people of his community, is called upon to perform all manner of duties both in and out of banking hours.

THE MODERN BANK IS A VERITABLE SERVICE STATION

Most of us can remember the time, not so far distant, when people stood in awe of banks. They imagined for some reason that the man who “kept their money” was doing them a favor. And, unfortunately, some banks of the old school encouraged this attitude. It may be said, however, to the everlasting credit of modern banking, that the old traditional idea that a bank must be ultra-dignified has been almost entirely supplanted by the modern—and only correct—principle that a bank must, above all else, be an institution of friendliness, an institution of real and honest *service*.

As a plain matter of fact, the banker is, or should be, his customer's best friend. If he is not, there is something wrong—either with the customer or the banker. The growth and success of a bank depends largely—almost entirely—upon the growth and success of its customers. Consequently the banker is just as much concerned in the success and welfare of his customers as they are themselves.

The modern bank is something more than a mere depository for money. It is something more than a steel and stone building. It is primarily an institution of service—for service, after all, is the bank's commodity. And, this being true, the bank that profits most is very

naturally the bank that serves its customers the best.

The relationship between a bank and its customers and friends is one of trust and confidence. And trust and confidence are, as we have so often been told, “plants of slow growth.” Obviously, then, if a bank is to serve its clientele to the best of its ability, it is important that it keep itself closely informed of the details of its customers' business affairs and that it stand—in relation to them—as a counselor and friend.

THE BANKER AS A BUSINESS ADVISER

The banker of today is, above all, a business man. He is indirectly engaged in all manner of business enterprises. Therefore, he must keep his finger on the pulse of the business of his community. He can't jump at conclusions. He can't guess. He must KNOW.

A short while ago in his “Today” column, Arthur Brisbane told of the banker who found it necessary to curtail loans to one of his customers—a silk merchant.

“It is impossible to grant you further credit at this time,” the banker is reported to have said.

“As a banker that may be true,” replied the silk merchant, “but have you ever been in the silk business?”

“Never in my life,” answered the banker.

“Well, you are in it *now*!” was the merchant's terse reply.

Just how much he was in it the banker probably did not realize until later. Possibly he could have avoided being in it at all if he had studied the silk business a little earlier in the history of this particular transaction.

We live today in an age of prevention. We seek out our lawyers not so much to get us out of trouble as to keep us from getting into trouble. We seek out our physicians not so much to cure ills that have come upon us as to prevent the ills to which we are subject. And the same holds true of banking.

The banker, if he has the confidence of his customers, can be of service to them in many ways. He can give them invaluable advice on business condi-

tions, he can furnish them with a workable financial plan for the expansion of their business, he can help them in the granting and extension of credit to their customers, he can help them in buying their goods and he can help them in the collection of money due. In short, he can—if he be given the opportunity—become the greatest single factor in the success of the men who transact their business with him.

WHY MEN FAIL IN BUSINESS

About one-third of all business enterprises that fail do so because of lack of capital. This does not always mean that these businesses fail simply because of insufficient capital, or that they should never have been undertaken. It means that the enterprises were overextended and that the concerns in question were trying to do a much larger business than their supply of capital would permit. It means that, figuratively speaking, they were trying to erect a Woolworth Building on a foundation built for an apartment house. And, in many cases, they have been encouraged by interested parties to make the attempt. This matter of over-buying and over-expansion is the rock upon which many a business ship has been wrecked. During the past two years we have seen many evidences of this fact.

Let us take a specific, and rather typical, case. John Brown, which is, of course, not his true name, has been known for many years as an industrious worker in his community. Finally, during the days of heavy buying that followed the war, he decides to open a small store. His capital is limited, but his credit is sufficiently good to enable him to obtain what stock he desires and—in consequence—his shelves are soon full to overflowing. The goods, upon the advice of several friendly salesmen anxious for a large volume of sales, are purchased at ninety days and Brown has no doubt of turning them over in that time. The goods, however, do not sell as expected, the months fly by, the receipts are used for current expenses, wages, etc., and Brown—at the end of

ninety days—finds himself with the bills all due and nothing whatever in the bank with which to pay them.

It is then that he seeks out his banker and is surprised to find that his "frozen" goods are not considered a good basis for a loan. Quite on the contrary, they offer evidence of such poor business judgment that the banker is disinclined to render any assistance at all.

If Brown had, instead, gone to his banker in the first place and talked the whole matter over with him—explaining his affairs with real candor—the chances are great that he would have been advised not to lay in such an extensive stock, or, in any event, he would have gained the confidence of the banker to such an extent that financial assistance in his hour of need would—if possible—have been forthcoming.

Of course, no banker would assume for a moment that he is a better judge of merchandise than the merchant himself. But, knowing from experience the dangers of overloading and buying ahead on long datings, he would undoubtedly—if approached in time—be able to offer his customers some good, sound business advice.

The modern banker is a student of business conditions. He has sources of information available that make it possible for him in many cases to be of great assistance to the business men of his community. He is not a soothsayer, of course. But he knows, as nearly as any man can know, what is likely to happen in the business world. He is, if he is a real banker, a close observer of conditions. He knows far in advance of the man engaged in manufacturing or merchandising just when money is likely to be "easy" or "tight," as the case may be, and, because of this knowledge, he can give good, sound advice to the men engaged in business pursuits.

THE BANKER AS A JACK-OF-ALL-TRADES

Because of the many ramifications of modern banking, the banker of today is a veritable "Jack-of-all-trades." Sometimes—to finish the quotation—he is a "master of none." This, however, is the exception and not the rule.

His duties are extremely diversified. Through the various departments of his bank, he conducts all sorts of odd enterprises. He may, for instance, be called upon to locate a lost heir to an estate in Hajduszoboszlo, Hungary. He may find his good offices necessary in effecting a reconciliation between a husband and wife, he may be obliged to provide a fitting funeral for a pet dog (as actually happened in one instance), or, again, he may be obliged to persuade a "gold digger" to call off a breach of promise action against the heir to an estate he is handling. He stands between the widow and the Wallingford who would like to secure her "mite"; he stands guard over a beautiful heiress, who, except for him, might be tempted to trade her all for a title to an Indian principality. He is hydra-headed—many in one. And, because he is hydra-headed, it follows that he must keep his head cool and his brain clear.

He is, first and foremost, a service-giving machine. In his lobby he provides, very often at least, the world's news received via wireless; he provides cool, clear drinking water from a bubbling fountain; he provides reading and writing rooms for his customers; he provides an exchange board where the people of the community may make

their wants known to their fellowmen; he provides the latest quotations on live-stock and grain—he is, in short, the "Ask Mr. Foster" of the business world.

But he does more than this. He does the bookkeeping of the community—and does it free of charge. He conducts a large part of the Christmas trade by providing the people with Christmas Clubs; he prevents robberies and hold-ups—or at least discourages them—by means of his checking department and his safety deposit vaults. Often he sells and rents real estate and places insurance upon it. He places and sells farm mortgages and bonds—helping, in this way, to finance the business of his community.

He is, in fact, a many-sided, broad-gauged, warm-hearted man—a man of large human sympathy tempered by cool business judgment; a man who must be able to pitch horse-shoes with unerring aim or sink a twenty-foot putt as the case may be.

Stiff? Ultra-dignified? Well, hardly. Your modern banker is none of these. He is, instead, a counselor and friend—a man whose business is *service* and whose efforts may be summed up in the creed—"We ourselves the better serve by serving others best."



I READ the other day that there was one man in France opposed to payment of our debts, and I want to say that there are 39,000,000 loyal Frenchmen who stand squarely behind France's obligations, and I am one of the 39,000,000.—Jules Jusserand, French Ambassador to the United States.

A New Business Plan

By T. D. MacGregor

SPASMODIC efforts and spur-of-the-moment experiments do not make for the permanent and healthy growth of a financial institution. The long, steady pull is what counts. Therefore, the purpose of these suggestions is to provide the bank or trust company with a complete working outline of an effective campaign for new business, which may be continued indefinitely.

Practically every plan or idea for the development of the business of a bank or trust company falls under the head of advertising or personal solicitation. But it is not necessary to take up these two divisions separately, because in actual practice they frequently overlap. The advertising stirs up prospects for personal solicitation; the new business officer or department constantly uses advertising matter.

THE APPROPRIATION

First of all, it is necessary to have a definite idea of how much money can be spent in this work, because the coat must be cut according to the cloth. There is no fixed rule as to how much should be spent for advertising and new business efforts, but the consensus of opinion among those who are thoroughly in touch with this subject is that the right annual budget is from five to ten per cent. of the net profits of the previous year. At least, that seems to be a fair average expenditure by the banks and trust companies of this country.

How to Spend It

The next step is to decide what proportion of the appropriation shall be used for the different features of the advertising and new business program. In most cases, the lion's share should be set aside for the newspaper advertising, especially if you are going to use one or more daily newspapers. After having decided on the space and the number of insertions to be used during the year and having made a year's con-

tract with the publications, if that is found to be most advantageous, you are in a position to know how much you can spend for other publicity, including direct advertising with its mechanical costs of paper, printing, art work, engraving and postage.

Unless you have had the experience, and have the time and ability to prepare the text or "copy" for your advertisements, yourself, you should reserve a sufficient sum to pay for the services of an agent or agency specializing in financial advertising, of whom there are now quite a few thoroughly equipped for this work. The better the copy used, the better the results will be from your advertising, no matter what mediums are employed.

It is not necessary to pay for "preferred position" in the newspaper unless it is a large metropolitan sheet, full of advertising. As a rule, "run of paper" is all right. By the law of averages you will get a fair share of the good positions without paying extra for them. You can depend upon the excellence of your copy and set-up to make your advertisement stand out and get read, when less distinctive advertisements are lost in the shuffle.

COPY

Copy should be strong, truthful, interesting, clear, concise, informative, and attractively set up. It should not be formal, stilted, wordy or heavy. The creator of the advertisement should aim first to make the announcement so attractive that it will be seen, and, secondly, so convincing that it will inspire prompt and favorable action on the part of the reader. A uniform style of typographical set-up should be adopted, including a trade-mark emblem if possible, but the copy should be changed frequently, thus combining fresh interest with cumulative value.

There should be uniformity of style, but also differentiation in copy. Advertisements in series on the same subject are effective.

MEDIUMS

The newspapers have been put in a class by themselves. Other mediums which should be used if available include: Street cars, billboards, electric signs, window displays, calendars, novelties, house organs, booklets, letters.

The Details

The details of the advertising campaign must be carefully looked after. It is especially important to keep a complete record of all facts in connection with the newspaper advertisements. There should be a careful checking up of space, position and insertions before paying the bills for the advertising. Wherever possible, it is desirable to have an advertising manager and make use of an agent, too.

THE MAILING LIST

Build up a mailing list on which the names and addresses of all the best prospects for your institution's services are listed. Some officer of the bank personally should look after the compiling of the mailing list, or appoint some qualified subordinate to do that work.

The bank's mailing list is very important. With a good mailing list, house organs, letters, enclosures and other attractive advertising can be placed by mail each month before every prospect on the list, influencing new deposits and developing the business of present ones.

The first list to be used is the names of depositors in the various departments of the bank. Lists should be so arranged that advertising for each department can be sent to the logical prospects only.

Go over the telephone directory, local blue book and the city or county directory. Check prospects and place the names on the list.

Secure lists of local labor, fraternal and social organizations. Watch the newspapers and secure prospects from news items.

The registration lists, which are kept in the county clerk's office, furnish names of registered voters, men and women.

Keep your stockholders on the list.

Write them and ask for their influence in gaining new lists. Where possible get lists of employees of local business houses. Lists of municipal employees are splendid savings prospects.

CASHING IN ON THE ADVERTISING

Personal solicitation by officers and representatives of the bank and all direct advertising efforts enable the institution to get the most benefit from its advertising expenditure—to cash in on the advertising. It can be made very productive if well planned. Its purpose is just as much the intensive cultivation of present depositors as it is the securing of new ones.

As a rule, it is easier to get additional business out of present customers than it is to interest entirely new prospects sufficiently to make them become depositors. When a person's name is on the bank's books already and he is using the institution to some extent, he does not need to be told so much concerning the safety, efficiency, promptness and courtesy which characterizes its service.

But new business efforts are not to be confined to either old or new customers; every possible source of desirable business should be cultivated. There is a mass of detail work that must be kept up if the best results are to be obtained. This clerical routine, wisely directed, facilitates more constructive efforts in the way of developing new business. It follows up prospects mechanically until the time is ripe for more personal attention. It automatically brings to the attention of the proper person facts and conditions affecting prospective and present depositors.

To make this plan as practicable as possible, a description is given of the various steps which should be taken by the officer or clerk in charge of the department to get it started and to keep it going.

THE NAME LISTS

The very foundation of all new business work is built on card-indexed lists of names of customers and prospects. These lists or names, or rather the individuals they represent, are the raw ma-

terial from which customers are made by means of printed form letters and personal calls. Therefore, it is important that these lists be correct and up-to-date in all respects. They must be live ones in every sense of the word. To facilitate keeping them so, and for convenience in working the list, the names should be kept in alphabetical card files, in two main divisions—customers and prospects.

Card-Indexing Customers

The list of customers is easy enough to get from the bank's books. These names should be compiled upon cards in order to show the nature and extent of the business relations these individuals or firms have with the bank. For instance, at the top of the card you should have the customer's name, home and business address, source of business and his rating. There is also space on the card to list the form letters and other literature sent to him. At the right is a list of the bank's departments, with black space on either side. On one side should be checked the departments which take care of the customer's business now, and in the other the departments in which he might be a customer.

The card is a complete diagram of the customer, his present and prospective business. It can be seen at a glance which customers should be approached on the subject of doing business with any special department. There is no danger of duplicating literature or advertising to a person a service for which he has no use.

How to Use the Cards

For example, suppose you have a piece of trust literature to send out. You just run your eye along the right hand side of the cards where the personal trust department is listed and see if the man is checked as customer or prospect. Thus you have your mailing list ready to hand.

After the addressing has been done for sending out any letter or piece of advertising, and the proper notation is made on the cards (such as "Form letter No. 1 sent 4/16/21"), they are returned to the proper place in the alpha-

betical file. In a similar manner the cards may be used in providing a mailing list for soliciting business in any of the other departments of the bank from customers who are not using that particular department.

Keep Information Up to Date

Inasmuch as these cards are also used to provide information quickly and conveniently concerning a customer, great pains must be taken to keep them up-to-date. Daily reports should be received from the tellers regarding both new and closed accounts, and the manager must be on the lookout for changes in the status of a depositor through death, bankruptcy, mergers, removal, etc. The regular analysis of accounts ought to provide many leads for more business.

Useful for Personal Solicitation

Keeping the essential data on cards in this way is much more convenient than having to consult the books or refer to correspondence files. An officer or representative can take the card with him when he makes a call of personal solicitation and quickly fortify himself with the facts to help him in getting additional business from the customer or in urging him tactfully to make his account a more profitable one to handle.

Make Up Lists with Care

The building up of a prospect list of persons at present not in any way connected with the bank is a task requiring good judgment, inasmuch as great care must be exercised not to put the bank in the position of soliciting business which it afterwards might not care to handle.

Sources of Prospects

Among the principal sources from which names of prospective depositors may be obtained are the following:

1. Officers, directors, employees and depositors of the bank. All of these have relatives, friends, acquaintances, business associates or affiliations which ought to yield valuable prospects.

2. Analysis of checks passing through the clearance department. This

gives a line on the location and extent of the banking relations of local business men not doing business with you.

3. Various published or otherwise available lists, including the city directory, the telephone directory, tax list, club membership lists, etc.

4. Inquiries from newspaper advertisements. These will be obtained more freely when the reader is urged to ask for a copy of a booklet, or to write or call for further information on the subject advertised.

5. When any booklet, calendar, souvenir or anything of that kind is given away at the bank, wherever possible the name and address of the person receiving the piece of advertising matter should be obtained by the new business manager. A notation on the card showing what the recipient was especially interested in would give a line on how he might be approached.

6. Names mentioned in business and court news items of all kinds.

Following Up

When lists aggregating several hundred names have been built up, of course many of them will have to be approached and followed up by means of letters—special and personal ones in some cases, but largely form letters sent to many prospects at one time. However, the fact remains that the most desirable and efficacious method of soliciting business is by personal contact, especially by the officers and directors of the bank. In this work great care should be exercised to avoid conflicting efforts. It is usually pressing the subject too hard to have the prospect followed up by more than one person.

Personal Efforts of Officers

A plan you might find feasible is to organize the officers of the bank into several groups to analyze and solicit selected prospects in the various trades and professions. Assign to each group of officers one distinct class of prospects, as: Manufacturers, wholesale merchants, and jobbers; retail merchants; professional men; and a special list of companies and individuals not in the other groups, including contractors,

builders, real estate agents, engineers, architects, and so forth.

Sub-Dividing the Field

The officers in charge of each division should look after the analysis and securing of new business in their own fields, enlisting the aid of other officers and employees when desirable. Every good new company established in your vicinity would be solicited under the direction of officers in charge of the division to which that new company belongs.

Studying Various Trades

Before any personal solicitation is done in an organized campaign of this kind, the plan should be thoroughly discussed, and the line of argument and the "talking points" should be carefully outlined.

Records of Results

When a prospect becomes a customer, his "prospect" card, of course, should be set aside and a "customer" card made out for him instead. The result of any personal call, or the reply received to any soliciting letter, should be indicated briefly on the card containing the name and address of the prospect.

It is difficult to lay down a hard and fast rule as to how many times a name should be followed up, or how long the interval should be between "follow-ups." You will need to be guided somewhat by the conditions in individual cases, but there are certain kinds of follow-up which can be continued indefinitely as long as the prospect is at all a possible one. Among these are your condensed financial statement folders.

Getting Coöperation of Directors and Stockholders

This is a most important source of new business, because so often it is "inside" information. Write each one a personal letter, signed by the president.

1. Ask them in this letter to send you a list of concerns and individuals whose business it would be profitable to have. A blank form should be enclosed

for them to fill out, and a stamped envelope to put it in. Otherwise, they will be inclined to postpone doing it, and the blank and envelope are inducements to quick action.

2. When you have compiled your corporation list, it would be exceedingly helpful if you could induce each director to run over the names he knows personally. Then write a nice letter and have him sign it as a director.

3. Take a record of the directors in your vicinity, and if there are concerns in which your directors are officers or directors, or otherwise interested, and whose business you do not have, go after that business, using the director as a lever.

FORM LETTERS FOR NEW ACCOUNTS AND CLOSED ACCOUNTS

Two of the most common and profitable form letters used in many banks are those to new accounts and to closed accounts. Such "new account" letters tend to make the small depositor feel that he is an appreciated customer. This creates good will. The letter should introduce other departments of the institution at a time when the customer has just become so favorably impressed with one department that he has decided to open an account.

"Old account" letters tend to bring back men who have left your institution in a huff. They may draw a letter of criticism out of a former customer which will enable you to correct something which gives a justifiable reason for complaint. They tend to create a general good will and friendliness for your institution. Letters like these are most effective if actually typewritten on regular letterheads and signed in ink by the president or some other officer of the bank. If this is not feasible, forms may be printed which imitate typewriting quite closely. At any rate, the signature should not be printed or rubber-stamped. The actual writing of the name of the officer may be done by a stenographer, if necessary.

CONTESTS

Contests of various kinds prove resultful in stimulating popular interest

in banking institutions, and invariably bring business, directly or indirectly, to the banks which conduct them.

A popular contest creates a great deal of discussion and arouses such general interest that the bank gets a lot of valuable free publicity from it. Then if an exhibition is held at the bank it brings people into the building and provides an opportunity for personal contact between the bank officers and the public. When prizes are announced, there is another opportunity to bring the bank to the favorable attention of the public, much of the publicity being secured without cost.

EMPLOYEES' NEW BUSINESS CONTEST

But perhaps the most desirable form of contest from a business-getting standpoint is the employees' new business contest.

Here is a plan which ought to work out successfully in any bank which has a dozen or more employees:

Participants—All employees.

Equal Chance—To give all employees an equal chance, they are all arranged in two classes—

1. Those who meet the public, such as tellers.
2. Those who have no direct contact with the public, such as transit department clerks.

Special Prizes—\$25 to the individual securing the largest number of accounts, irrespective of size; \$25 to the individual securing the largest amount of initial deposits, regardless of the number of accounts. (Instead of these special cash prizes, an extra week vacation with pay could be offered.)

Class Prizes—There will also be given to each of the classes eight prizes, as follows: \$15 first prize, \$10 second prize, \$7 third prize, \$5 for the fourth, fifth, sixth, seventh and eighth prizes for the largest number of points procured by the contestants.

Team Prize—The entire force will be divided into equal teams. A week-

ly prize, \$10, will be awarded the team securing the greatest number of accounts for the week. A prize of \$25 will be awarded the team securing the greatest number of accounts during the entire campaign.

Plan of Scoring—All accounts will be given points and bonuses as follows:

	Points	Bonuses
\$ 1 to \$ 4.....	10	\$.25
5 to 24.....	25	.30
25 to 49.....	50	.35
50 to 99.....	75	.40
100 to 249.....	100	.45
250 to 499.....	150	.50
500 to 999.....	200	.75
1000 to 2499.....	250	1.25
2500 to 4999.....	300	2.50
5000 and up.....	350	3.00

RULES

Conditions

All accounts must remain open at least sixty days to be considered for points and bonuses.

Funds which belong in one account cannot be split, and the transfer of funds from one account to another, in order to get credit, will not be permitted.

All accounts must be the result of personal solicitation or influence to be eligible for credit in the contest.

Contestants must signify their intention to enter the contest in writing.

Register Solicitations

Solicitations of accounts may be registered by the contestants at the time of solicitation, and credit will be given to the contestant when the account is opened.

At least 300 points credit must be obtained in order to participate.

Every contestant will receive a bonus for each account he brings in.

In determining the number of accounts credited to a contestant, the net number will be used, and in determining the amount of balance the average balance will be used.

A committee composed of three officers of the company will decide any questions which might be in controversy to insure fair treatment to all concerned.

The records of the campaign are to be kept by one officer.

REACHING PARENTS THROUGH THE CHILDREN

An adult whose habits are formed and who has felt the burden and responsibilities of life for a number of years, often finds it difficult to change his plan of living, even though he realizes his errors. It is entirely different with a child, for he is susceptible to any influence that is brought to bear upon him. Thus it is possible to teach him the habit of thrift. Moreover, by interesting the children it is often possible to interest their parents. A large Chicago bank recently got out a Mother Goose thrift book and distributed 25,000 copies of it—about 19,000 persons called, telephoned or wrote for a copy of the booklet. It does not require a profound knowledge of human nature to realize the fact that it is following the line of least resistance to appeal to parents on behalf of their children or to try to reach parents through their children.

THE METAL SAFE OR HOME BANK

For quickly and effectively advertising a bank the small safe cannot be excelled. It puts the bank in direct touch with the people, and gives the bank an opportunity to reach and talk with the depositor and explain the advantages it can offer, either through canvassers or by letter calling attention to the fact that a home safe will be loaned the depositor if he will indicate a desire for one, either by calling at the bank or asking to have it sent.

NEWS AND ADVERTISING

There are many events recorded day by day in the newspapers which can be turned to advertising advantage by a wide-awake bank publicity man. Burglaries, hold-ups, accidents, even a great calamity, such as a fire, can be made on occasion to show the great service which banks are prepared to render the community.

There are many legitimate news or

feature stories that may be written out of the daily work of a bank. First of all, there is the personal news concerning the officers and staff, interviews, speeches, articles, promotions, photographs, and so forth. Then there are changes and improvements of quarters; new building; welfare work for employees; new publications issued; description of vault, etc. Besides that, there is frequent need of setting the bank right before the eyes of the public when some erroneous or misleading

article or editorial has been published concerning it or some of its officers.

When there is news of sufficient importance to give out, the city editors or financial editors of the various newspapers may be requested by telephone to send their reporters at a certain time to meet the publicity manager or an officer of the institutions. Copies of an authorized statement may be given to the reporters, and any questions concerning the "story" answered on the spot.



What the Banker Expects From the Accountant*

By John N. Eaton

Manager Credit Department, Merchants National Bank, Boston

WHAT does a banker expect an audited statement to show? He expects that it will set forth a correct picture of all the assets and all the liabilities of the company. And he expects that these various assets and liabilities will be classified and described with sufficient detail and exactness to enable him to form a satisfactory estimate of their value as a basis for granting credit.

While we feel that this is what an audit *should be*, our experience has been that many concerns have an entirely different conception of an audit. While many have the thought that an audit will correct irregularities in their accounting, and will show the executives ways of improving their accounting system, it appears that in the majority of cases the paramount thought in their minds is that an audited statement is an aid in obtaining credit. Apparently many concerns have an auditor go over their books with the latter thought only in mind, simply to enable them to show an audited statement. They do not care what the auditor does so long as he makes up a statement and signs it, and

does not give the banks too much information about the business.

I think everyone here will agree that a plain condensed balance sheet gives one little idea of a company's operations. Without knowing how the figures have been determined, an intelligent analysis of them is impossible. It gives the present position only, and no idea of how this position was reached. Altogether too many of our audited statements are of this character. They are of little more value than the company's own statement of its condition. Of course, we all like to see an accountant's name at the bottom of a statement, indicating that an outside expert has been over the books, but if the concern has in mind having the audit made as an assistance in obtaining credit, the object is almost entirely defeated if the bank is not furnished with details enabling it to make a proper analysis of the figures. To make this proper analysis one must know the *quality* as well as the *quantity* of assets; the liquidity

* Address delivered before the Massachusetts Society of Certified Public Accountants. Reprinted from a booklet of the Robert Morris Associates.

of the receivables, the marketability and method of valuation of the merchandise. One wants to feel assured that all the liabilities are included. In this latter connection, I feel that the auditor should not only verify the bills payable appearing on the books, but should ascertain, through correspondence *with all of the company's banks*, whether there is any existing liability, direct or contingent, through them which may not appear on the books at statement date. If the statement indicates only the amount of liabilities as shown on the company's books, without such a verification, it is of no more value to the banker than the company's own statement without an audit. Here are a few cases to illustrate this point:

"A statement came in prepared by . . . , who certified that the statement was true and correct. In checking the matter up, however, we found about \$90,000 more outstanding on statement date with various banks and subsequently found that the cash books had been held open until late in January and collections in the meantime had been applied to a reduction of the indebtedness. This, of course, was a case of window dressing. This incident does not compare unfavorably with the accountants who recently audited . . . and followed the same procedure. This resulted in the withdrawal of our line to the company, so I fail to see where the client had been benefited in any way."

"A statement of the . . . , as of . . . , showed bills payable of \$50,000. In checking the figures with the company's other bank we ascertained that besides owing us \$50,000, the company was also indebted there for another \$50,000. This statement was certified to by . . . , a local firm of accountants. An investigation brought forth the information that the president of the company had borrowed the \$50,000 from the other bank for his personal use and the entries never reached the books of the company."

"A clothing house, whose December 31, 1920, statement was made up by . . . , an accountant of this city, showed total notes payable of \$35,000. On that date the firm owed its own bank \$57,-

500. The additional amount of loan was a personal matter of the partner, but the note given the bank was the firm's note. It did not appear on the books of the concern, and as the accountant had not verified bank loans he knew nothing about it."

In addition to the quality of the assets, other important facts which a bank likes to know are: Sales, indicating the rapidity of merchandise turnover and productivity of capital invested in fixed assets; earnings, showing percentage of profit on sales and on capital invested; and distribution of earnings, which is necessary in order that one can reconcile the surplus account.

While a condensed statement without the above details is of little value, it is to be presumed that such a statement, over the signature of a reputable auditor, *does* contain the essential facts, even if it is impossible to analyze them. We assume that the accounts receivable item, for instance, if not commented on, is due for merchandise sold, and that in making a comparison of the various ratios one may compare this item with sales, thereby getting a picture of the management's ability as collectors over a period of years. I regret to say, however, that the practice of some accountants in making up a company's statement for its banks, without properly separating the receivables, makes such a comparison very uncertain without a full knowledge of the facts. If the receivables contain items of any material size which are not for merchandise, the customary analysis of receivables to merchandise, receivables to sales, etc., is absolutely impossible. Many examples are presented illustrating this point:

"A statement included in current assets an item of loans receivable \$344,000. Of this amount \$200,000 was due from two of the officers and had been advanced to them for the purpose of paying income taxes on the previous year's business when the concern was a firm rather than a corporation. The balance of the item, \$140,000, represented a loan made to one of the officers for the purpose of investing in real

estate for the benefit of the corporation, and was handled this way because they did not want to show a real estate item in the figures."

"Another statement included in the current assets an item of over \$3,000,000 of accounts and notes receivable, etc., less reserve. This item included \$1,000,000 due from subsidiaries of which \$600,000 had gone into permanent investments in these subsidiaries, and the item also included some stock in subsidiary companies, one of which it was said had a substantial surplus, while another was unsuccessful." The accountant admitted that these items should be set up separately, and said that the figures were drawn up for the annual report to the stockholders and the management had asked that they be condensed as much as possible.

"Another accountant prepared a statement for . . . as of . . . , and failed to indicate that \$100,000 of the notes receivable were pledged to the . . . Bank to secure a loan there."

"A large percentage of the receivables item of another statement, upon investigation, was found to consist of claims for rebate of Federal taxes."

"One concern had a claim from the Government and also owed a considerable amount for past due taxes. Instead of listing as a liability the taxes which *must* be paid, the accountant deducted this from the amount which it was *hoped* might be rebated, and the net amount was carried as an account receivable."

Of course, the customary analysis of sales to receivables, and of receivables to merchandise, etc., would be of no value in such cases because a large percentage of the so-called receivables have no relation to merchandise or sales. All too frequently an investigation finds that the receivables include accounts from individuals and many other kinds of items giving an entirely false impression of the company's condition. It would not be difficult to recall dozens of such cases. They work greatly against the concern and also against the accountant, when they come to light. In an audited statement where there is nothing to indicate to the contrary, I

should like to feel, and I think I should have the right to feel, that the receivables item is what it is expected to be—that it is for merchandise sold. If any of the receivables are from foreign countries, these should be separated



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JOHN N. EATON

Manager Credit Department, Merchants National Bank, Boston

from the others and the conditions regarding them commented upon.

Many times we see an item "reserve." This is too general a word; it may mean many things, and I think proper accounting calls for a clear statement of the nature of such an item. Oftentimes it includes taxes, a quick liability.

While lack of information regarding details makes it impossible to make an intelligent analysis, that which upsets our calculations perhaps more than anything else, is the omission of information regarding existing contingent liabilities. Of course, contingent liabilities are of many kinds; it is not necessary to enumerate them here. But from

whatever cause they may arise and no matter how remote may be the possibility of the company having to pay them, a contingent liability is a contingent liability and if it exists, the accountant, in my opinion, is neglectful of his duty if he places his signature on a statement without indicating in some way that there is such a thing. He may not wish to give the details, but there should be *something* to put the banker on notice and enable him to look into the details if he considers it advisable. Probably two of the most common kinds of contingent liabilities which are overlooked are those found in purchase commitments for the following season and in letters of credit liability. In the latter there should be indicated not only the amount of the letter of credit which has been used, but also the amount unused, giving an intimation of what real liabilities are contemplated.

I have on file a large number of examples of audited statements which make no mention of contingent liabilities which existed, but will call your attention to just a few of them as follows:

"We received two separate statements of December 31, 1920, from a corporation, each certified to by a different firm of auditors. They agreed in every particular; no mention was made of a contingent debt, whereas we ascertained that under date of the statement they had \$65,000 of notes and acceptances rediscounted. We have not discussed this with . . . , but . . . admitted it was a slip-up on their part, as they relied too much on the detailed audit of the other firm when they were making up their own figures."

"A statement of . . . submitted by a note broker, showed no contingent debt, whereas the detailed audit showed \$30,000 bills receivable discounted. The explanation given by the auditing firm was that the certificate had been made by their representative in another city who apparently did not appreciate the necessity for incorporating the contingent debt in the statement which was distributed at large. This brings up an interesting point of whether branch of-

fices always work on the same platform as the home office."

"The statement of . . . , prepared by . . . , made no mention whatever of a contingent liability of a substantial amount of outstanding bills of exchange. The only excuse of the accountant was that as the bills of exchange were drawn on an affiliated concern the company did not consider them a liability."

"An accountant addressed a client's depository banks for information regarding balances and outstandings with the banks on the statement date, December 31, 1920. One bank reported a direct liability for bills payable and a contingent liability for bills receivable discounted, but when the statement appeared signed by the accountant, there was no reference whatever to contingent liabilities."

I have known of cases, when concerns have made no reference to existing contingent liabilities, where there has been some excuse for it because of the lack of appreciation of the importance of mentioning them in a statement to their bankers. I feel, however, when there is a liability of such a nature, that there is absolutely no excuse for an accountant making up a concern's statement for its banks, or for any other purpose, without making a notation of it before placing his signature on the statement. Some accountants are very particular on these points, but I am forced to believe that many give little thought to the matter. The following is a copy of a certificate accompanying a statement prepared by an accountant who appreciates the importance of showing a concern's true condition:

"Cash

Amounts on deposit in foreign banks included in this item are computed at current rates of exchange on December 31, 1920.

Accounts receivable—customers

This item includes a balance on one account of \$137,362.49 on which the goods have been billed, but on which we understand that shipment has not

yet been consented to by the customer; \$72,532.81 of this account is included in the \$132,379.62 of overdue accounts shown in note on page 1.

Merchandise inventory

Goods seen and quantities checked on raw materials, supplies and manufactured goods amounting to \$289,562.57.

This inventory is stated not to contain certain merchandise bought for next year's business which was on hand when inventory was taken amounting to \$45,269 net.

Accounts payable

These accounts payable are stated not to include any liability for certain merchandise bought for next year's business which was on hand when inventory was taken amounting to \$45,269.

Contingent liability

Contingent liability on account of accommodation endorsement of contractor's note in connection with purchase of lumber \$25,000.

Contingent liability under joint and several letter of guaranty for advances on purchases for X Company \$257,000.

The Y Company states that its commitments for merchandise on December 31, 1920, did not exceed \$1,500,000 and were all for immediate use, and that all estimated losses on same have been provided for in the financial statement; they also state that construction contracts uncompleted on December 31, 1920, did not exceed the sum of \$500,000.

Materials and supplies commitments on December 31, 1920, amounted to \$400,000, of which \$250,000 were for immediate delivery and \$150,000 were for deferred delivery; of this latter class \$50,000 were deliverable at option of the company, and on many of the commitments deliveries are now being made at reduced prices.

Cumulative preferred dividends

Cumulative dividends on preferred stock amounting to \$85,000 not in-

cluded in this statement as a liability."

The following notes from a number of other certificates also indicate an intention to show the banker how far the accountant has gone and to call his attention to anything unusual which may be hidden in the balance sheet:

"Accounts receivable, accounts payable, personal balances, were not confirmed by correspondence."

"Analysis of customers' accounts shows:

\$113,572.94 for shipments over four months old on domestic accounts.

\$27,098.29 for shipments over four months old on Cuban accounts.

\$189,645.27 for shipments over four months old on other foreign and Canadian accounts."

"These accounts include \$42,539.26 for goods which, since December 31, 1920, have been transferred from customers to the company's foreign selling agents for resale."

"Merchandise inventory is stated by the company to be valued at cost or market, whichever was lower. Quantities are as stated and sworn to by employees of the company. Extensions and footings verified by us."

"Merchandise inventory and accounts payable are stated to include all merchandise and liability on account of same December 31, 1920."

"The company states that the outstanding commitments December 31, 1920, were less than \$197,000 and in the aggregate would show no loss as compared with market prices as of that date."

"The notes payable were confirmed by correspondence."

"Dividends on the preferred and common stock amounting to \$79,034 declared on January 5, 1921, have not been deducted from the surplus as shown above."

Many cases are constantly coming to light of so-called audited statements where an accountant has made a superficial examination or has made up a condensed statement from his full audit

without showing points of vital importance. I feel very strongly that every audited statement should be accompanied by the accountant's certificate stating what he has done. I think this has been one of the most common omissions in the work of accountants. Many simply state that the subject's books have shown such and such figures. In cases where a banker is not to be shown the full audit report, he should at least have a report stating as clearly as possible how far the accountant has gone and how the figures have been determined. This report or certificate should, among other things, report on the age and quality of receivables, merchandise valuations and marketability, verification of liabilities, and notation of amount of commitments or other contingent liabilities. We see many so-called certificates which mean absolutely nothing—they cannot be taken seriously. Here are a few samples of many of which have come to my notice:

"I hereby certify that the above is a true and correct *transcript* of the assets and liabilities appearing on the books of the . . . , on December 31, 1920."

There is no information as to the basis at which the merchandise was taken, no reserves for taxes, depreciation or bad debts, nothing to show whether a real audit was made or not.

"I certify that the balance sheet herewith presented is a true copy of the assets and liabilities of . . . , as on their books as of December 31, 1920."

"We have examined and audited the books and accounts of . . . for the period January 1, 1921, to August 31, 1921, and herewith present the above statement of assets and liabilities, *subject to such allowances for accrued and deferred items, as may not have been considered*. The inventory herein shown is furnished, prices being taken at market value."

"We hereby certify that the above is a true statement of assets and liabilities as disclosed by the company's books as of April 30, 1921."

"We hereby certify that to the best of our professional knowledge the foregoing is a true statement."

"I hereby certify that the above balance sheet is a fair statement of the condition of the company at December 31, 1920."

"I have examined the above account and find it correct."

"The above figures are in accordance with the books of the . . . , as of August 1, 1921, and represent the true financial condition of the company as of that date."

In the last case the accountant admitted that he had made no audit whatever, but simply made up a statement from the company's books of that date for the client to show his bank, and did not know whether the books showed the true financial condition of the company or not.

While a concern may not have had any contingent liability on statement date, it is of great importance if one is considering the extension of a line of credit direct, or wishes to handle intelligently an inquiry from some other source where credit is being sought, that information should be available as to whether the concern may customarily have contingent liabilities at other times of the year. An audit seldom reveals this information. But it is not infrequent for a concern to have a window dressing before statement date. Sometimes a contingent liability is shifted to affiliated interests. If it is customary for a concern to have contingent liabilities of important amounts during the year which may be eliminated preparatory to making up a statement, it would be of great assistance to the banker if the accountant should note this fact. In one illustrative case of this kind which recently came to light, the accountant, upon being questioned regarding it, admitted his wrong and offered no defense except that the company felt there was no likelihood of its being called upon to meet the obligation. *The banker is entitled to know the facts*, and prefers to form his own opinion as to the probability or improbability of a contingent liability becoming a direct one.

If an audit is intended to assist a concern in obtaining credit, why should any of the information it contains be withheld from the banks? Why should

figures made up for the banks frequently give so much less information than those made for the company itself? If the information is favorable, the credit will be granted more freely. Information withheld or covered up creates suspicion—telling the worst, if the case is bad, may create sympathy and induce help when dealing with the right kind of a banker. Many concerns have an entirely wrong impression of the bank man. They look at him as one who is trying to take their last penny! In reality, the concern is asking the bank man to trust it with the bank's funds—with very little actual information on which to base judgment as to the value of the credit risk. Instead of trying to get something to which he is not properly entitled, the banker of the highest type is interested in every detail of his customer's business, is ready and anxious to help him, and is usually qualified to do so because of the training and experience he has gained through dealings with others.

If an audit is to be used to assist in obtaining credit, how is it so used—what is its purpose? Is it simply made to give the banker the assurance of the concern's honesty, to prove that the figures give a true picture of the company's books? A banker is always glad to know that an outside expert has examined a borrower's book, but very few of a bank's losses come from false statements. I have before me a list of sixty-eight prominent concerns from all over the United States, that have been in difficulties the past year and a half. So far as I have been able to learn, only one of them made a false statement, and the head of that one concern had for years been in ill repute, and there was little excuse for a bank being caught with his notes in its pocketbook. Of these sixty-eight concerns forty were issuing audited statements when they got into trouble. Gentlemen, if you had asked me five years ago if I felt like asking all our borrowers to have their accounts audited, I would have said "Yes," but, to be perfectly frank, I have seen so many faulty and useless audits during that time I feel much less like giving any such blanket recom-

mendation. *Altogether too many of them report what the company wants reported*, rather than what ought to be reported. Too many accountants are afraid of losing business. It is to one's credit to lose business sometimes. If the standards of audits are not raised, there is little future for your profession.

While some losses are the result of falsified figures, which a proper audit would discover, most of a bank's losses come, not from false statements or lack of financial audits, but from the improper manufacturing and merchandising methods of those to whom they are loaning money. Many concerns, of course, need a financial audit, but in my opinion what they most need is an *industrial* audit; if a concern's management is able and honest and the business appears well handled and profitable, if its own accounting methods give evidence of competency and clearness as shown by the information available, it gives me little added confidence to have its statement signed by an accountant. Under such conditions, granting of credit is not a mechanical process. A large percentage of the credit risk is to be found in the personnel of the management, its character, ability and application. Of course, many concerns do not have a system of their own which enables them to show the important details to their banks in a clear and intelligible manner. An audit of any kind helps these people and helps their banks. But the audit which is of *real* value is not an audit to enable a company to *borrow* more money, but one which will enable a company to *make* more money—an audit which will promote better management, full knowledge of costs, proper routing, proper industrial processes, efficiency, and point out the economic factors affecting the expansion and contraction of the whole industry. The whole idea of the audit, as it is usually referred to, is wrong. If the manufacturing and selling are properly handled, the financing will be a simple matter.

I feel that a great deal of time and money is wasted by concerns having their accounts examined by auditors who do very little but check back over

a lot of bookkeeping accounts, following up some minor details that are not of importance, and spend little time in determining the value of the receivables and merchandise, and give little or no help or suggestions which would lead to greater efficiency and economy in managing the business. Of course, a good financial audit is, without doubt, of some help. A great deal of real auditing is done which is not the type first referred to as being satisfactory to one who simply wishes a statement, bearing an auditor's signature, to present to his bank as a basis for credit. A *good* financial audit can be of much benefit to a mercantile concern and to its bankers, but I feel that when you gentlemen make simply a so-called financial audit, you are losing your opportunity for helpful and constructive work. If a concern spends \$1000 for the kind of audit which is frequently given, they would better spend \$1500 or \$2000 and get something which, as I said before, would help them to *make* more money rather than *borrow* more money.

You will say, of course, that you do what you are paid to do. Right there is an opportunity for you to do constructive work. If what you do is of little value to your clients, educate them to allow you to do something that is of real value to them. A good accountant, like a good banker or a good business man, does not mind turning away business when it is not of the right kind. To do the work I think you ought to do of course necessitates your having

trained and skilled workmen. I believe there is a field for such work. I know some are doing it now. Work of your kind poorly done is little better than work not done at all. I feel that in your line above all others, there is an opportunity for service far greater than is usually realized. The banker is in a position to turn a great deal of business your way. He does recommend your service, but—you will pardon my frankness—he would recommend it more strongly if he were sure his customer would get his money's worth.

I think the banks can do a great deal for their customers by recommending that they employ the services of those who are known to do thorough and conscientious work, and I think the accountant can do a great deal more for his clients by educating them to be open and frank with their banks and to show them everything there is to see, with the feeling that if they withhold unfavorable information they are deceptive, but if they tell the whole story of their affairs, their banks are going to help them work out their problems. Nothing will help your profession more in this respect than for you to insist to your clients, and for us to insist to ours, upon the right of the banker to discuss his customer's affairs with the accountant. The banker and the accountant should work together in promoting this harmony and co-operation, which will be of great benefit to your clients and to ours, and a corresponding help to your work and to our work."



TO the question, can Germany pay her reparation debts, there can be only one answer—Yes.—Harold J. Dreher, Vice-President Federal International Banking Company, New Orleans.

Japanese Public Finances

By Samuel MacClintock, Ph.D.

JAPANESE public expenditures have increased enormously in recent years, especially those connected with war purposes. Japan is frequently accused of being strongly militaristic at the present time, and to be increasing her army and navy out of all proportion to her civil expenditures, and likewise to her revenues. This brings squarely to the fore the question: What are the facts in the case? What is her income and for what purpose is it spent?

To make an analytical statement concerning the Japanese budget is no easy matter. The Japanese have even been accused by foreigners of deliberately misrepresenting, or at least concealing, their financial situation. The expenditures given in the Japanese official reports for her army and navy correspond exactly, however, with those published by the Government in English in the "Financial Economic Annual." The preface to the annual reports for the army frankly states that "secret things are omitted." In addition to the difficulties of language, there are certain peculiarities of the Japanese method of budgetary accounting which must be taken into consideration in attempting to arrive at an understanding of the situation.

Special accounts with separate budgetary estimates are maintained for a variety of purposes in the Japanese system. Some of these, like that for government railways, monopolies and other enterprises, are permanent, while others, like those for war and epidemics, are created to meet supposedly special emergencies. Only net balances are transferred from these accounts to the general budget. Each colony has a separate budget similar to that of Japan proper. Both principal and interest on loans raised for colonial use are charges on the general budget, but the funds with which to meet them are raised in the colony itself and transferred to the general budget.

Public works which require a period of years for completion are provided for by "continuing expenditure funds," which assure in advance provision for the necessary funds. This creates an immediate appropriation for a lump sum to be expended over a period of years, and is irrevocable by the Diet. These appropriations for a specified purpose do not automatically lapse with the fiscal year, but remain available until used for the purposes for which they have been appropriated. The divergence which arises between the budgetary appropriations and disbursements enables the administrative departments, such as war and navy, to accumulate funds over a period of years for subsequently enlarged expenditure and unusual expansion.

Japan pursues the policy of financing her wars by means of loans, carrying on the transactions in special accounts. There is consequently a shrinking of the "ordinary" expenditures during the years of war, and the expansion of "extraordinary" expenditures, mainly in the form of great additions to the national debt. In subsequent years there is a corresponding expansion of "ordinary" expenditures necessitated by the enlarged debt service, and the maintenance of the enlarged army and navy organizations during and after a war period. It is obvious that this method of financing temporarily obscures, both from the taxpayers and the world at large, the high cost of war and of armament expansion.

Another peculiarity of the Japanese fiscal system is the regular underestimating of the possible revenues. This results in a large surplus of revenue and is carried forward as "extraordinary" revenue derived from the surplus of the preceding year. Two-thirds of the "extraordinary" revenue probably arises in this way.

Still further peculiarities of the fiscal system are seen in the automatic continuance of the budget of the preceding

year, should the Diet fail to enact a new budget. The Government cannot, therefore, be forced to concessions by the Diet cutting off its supplies. The Government can, therefore, finance the early stages, at least, of a war without even convoking the Diet. The final consideration is that the national Government bears an unusually high proportion of all governmental expenses in expenses in comparison with subordinate political divisions.

REVENUES

The total estimated revenues for the fiscal year beginning April 1, 1922, is estimated at 1,455,000,000 yen, which is a decrease of approximately 101,000,000 yen over the expenditures for the last fiscal year. Of the revenue from the previous year, more than 62 per cent. of the total was to be derived from taxes and stamp duties. About 74 per cent. of the taxes are derived from four main sources, namely, incomes (29.6 per cent.), liquors (21.6 per cent.), land (12 per cent.) and customs duties (10.8 per cent.). About 20 per cent. additional comes in almost equal proportions from business, sugar and textile fabrics. Stamp duties (not officially classified with taxes) yield a sum slightly greater than that obtained from customs duties.

All of the main taxes show a great increase in yield compared with those of a few years ago. The proceeds of the income taxes have increased 2200 per cent. over the yield of 1904; the increase from liquors some 250 per cent., but the increase from land has not quite doubled. These changes indicate enormous developments of industry and trade, resulting from the rapid enlargement of income, especially of certain classes, and equally rapid growth of public expenditures calling for corresponding expansion of revenue.

EXPENDITURES

The annual expenditure in Japan increased during the period 1904 to 1922 from 249.6 million yen to 1562½ million yen, or 626 per cent. The per capita increased from 5.29 yen to 26.13

yen, or 494 per cent. During the same period population increased only 26.4 per cent.

This enormous expansion of per capita expenditures occurred during periods immediately following the war with Russia and the World War.

As Japan finances her wars primarily by means of loans, no great expansion of expenditures appears during the war period itself. They appear primarily as "extraordinary" expenditures, but are capitalized in the form of additions to the national debt. The enlarged costs of maintenance appear later in the "ordinary" expenditures.

Expenditures are classified according to the departments of government which make them, and according to the purposes for which they are made. According to this classification, the army and navy together absorb about one-half of the Government's expenditures, while public instruction, commerce and agriculture together receive only about 3 per cent. of the total income. This really is not accurate, as practically every department, except that of Justice, carries considerable expenditures for armament purposes. Thus, a considerable proportion of the expenditures in the Department of Finance are for the public debt service.

The annual expenditures for the army and navy combined was as follows:

FISCAL YEAR ENDING MARCH 31

	Amount million yen	Per cent. of total budget	Per capita yen
1904.....	83.00	32.25	1.758
1914.....	191.89	33.45	3.575
1921.....	566.78	42.43	9.606
1922.....	761.78	48.75	12.738

The outlay for the army and navy thus rose from 83 million yen in 1904 to 761.78 million yen for the current fiscal year, or from 33.3 per cent. of the total national expenditure to 48.75 per cent. of the whole national expenditure, and a per capita increase from 1.76 yen to 12.74 yen.

In 1921-22 the navy received about two-thirds of the total appropriated for the army and navy together, as compared with one-third of the total in

1909. The expenditures for the navy have increased during this period 1300.81 per cent., as compared with an increase of 561 per cent. for the army.

The national expenditures, however, for the military machine are much greater than appear in this official estimate. There are deficiency appropriations listed under other departments of special account, all to be taken into consideration, including the service of the national debt. It is estimated that the total expenditures for armament and past wars chargeable to the current fiscal year become in fact 977.4 million yen. This is in a total budget of 1562.5 million yen, or at least 62½ per cent. of the total estimated for the national expenditures for this year.

PUBLIC DEBT

The outstanding national debt of Japan in June, 1921, was given as 3985.2 million yen, a per capita sum of 67.79 yen. Of this total amount 85.5 per cent. was funded and 14.5 per cent. unfunded. Of the funded debt 58.2 per cent. was composed of domestic issues, while 41.8 per cent. was in the form of franc and sterling accounts in foreign countries.

During the last eighteen years the funded national debt has increased 632 per cent., while the supporting population has increased only 26.4 per cent. The funded domestic debt increased during the last six years from two-fifths to three-fifths of the whole. Japan has been enabled to retire during the last six years 222 million of foreign debt and to accumulate much gold, and gold exchange securities, as a result of the great industrial prosperity and available balances in international trade.

According to the official classification of the funded debt in 1920, 53.9 per cent. had been incurred for purposes of war and armament, 33.1 per cent. for economic uses, 5.1 per cent. for colonial uses, 4.4 per cent. for financial adjustments and 3.5 per cent. for redeeming feudal balances assumed by the modern Government of Japan. As already indicated, large sums expended for "economic undertakings" are, as a

matter of fact, attributable to war and armament. The interest charged on the funded debt in 1920 amounted to 128,654,288 yen, or an average interest rate of 4.605 per cent.

During the next four years the entire unfunded debt of Japan falls due, making the total yearly maturities range from 221.9 millions to 539.8 millions. The balance of the debt maturity is distributed over the next fifty-three years, the highest annual maturity being 417.2 million. The Government, however, usually has an option to retire a considerable part of each loan well in advance of its maturity.

The important offsets to Japan's debt are its active assets, consisting of the telegraph and telephone system, nearly all of the railways, two great steel and iron enterprises, extensive forests, two-thirds of the South Manchuria Railway, and other earning assets.

During the last eighteen years there has been an increase in the national net expenditure, and a larger increase in the funded debt. As against these liabilities there are the earning assets mentioned above, some increase in population, and potential resources in her new colonies and her recently acquired spheres of influence.

Two important developments grow out of the extraordinary changes indicated by the above statistics. One is the dependence of modern industrial Japan on outside sources for obtaining her necessary raw materials and on foreign markets for the sake of a considerable proportion of her industrial output. The other change is that connected with her internal economic and social readjustments, due to enormous increases in expenditures and consequently in taxes, economic inequalities and social discontent. It is true that there probably remains a margin of possible increase in revenues, if national pride and loyalty should be sufficiently stirred, but no large increases of her expenditures can now be made under existing conditions, without infringing very seriously upon the income and well-being of the people generally.

The liberal element in Japanese political life is strongly in favor of reduc-

ing the military activities, and consequently the military burden. This policy has heretofore been successfully resisted by the dominant military group in Japan, but now that accord has been reached at Washington on Far Eastern

problems it is possible that the peace policy will bear fruit. This would not only reduce the heavy burden upon the Japanese budget, but would likewise greatly improve Japan's position in the international financial market.



Building Deposits By Mail

By Thomas F. Moffett

“WE estimate that at least half of the money on deposit in our bank comes from out-of-town depositors; and also that one-half of our depositors, approximately 9000 in number, do their banking by mail,” states L. F. Hartmann, assistant treasurer of Albany City Savings Bank, Albany, N. Y. This bank has on deposit almost seventeen and a half millions of dollars in 19,551 accounts, according to its statement of January 1, 1922.

Advertising in country newspapers, plus the circularizing of a mailing list obtained largely from lists secured from the New York State election officials, are the two principal mediums of this bank's advertising and follow-up for new business. Mr. Hartmann states that advertising and overhead expense for these endeavors is very small, as advertising lines in country papers do not run high, and the only other expense, directly, consists in the stationery and stamps used in correspondence.

Space advertisements are carried in numerous small towns throughout upper and central New York State. The space taken usually runs about five inches, two columns wide. The copy is quite brief and to the point and invites prospects particularly to write for the bank's booklet, “U. S. Mail for Banking.” In response to the replies to these advertisements the bank sends an eight-page booklet fully setting forth the details of banking by mail, and particularly the ease, safety and economy of the method. At the same time it en-

closes a new account slip and a mail deposit slip to be used for further deposits. It is found that the promptitude of new accounts varies in their response to this first mailing, although in many instances the initial checks for deposits are immediately received. It has been found, too, that in some instances accounts have been opened from six months to a year after the mailing of the booklet and forms.

In about a month's time after the mailing of the booklet, if no response has been received, a series of follow-up letters is used until the account is secured or is believed to be a hopeless case.

The first follow-up letter is as follows:

Dear Sir:

We take the liberty of inclosing herewith our last published statement of January 1, 1922, and desire to call your attention to our deposits of over \$17,200,000 to the credit of 19,550 depositors, protected by an investment value surplus of over \$1,300,000.

We are by virtue of our banking by mail department prepared to extend to you the same attention and service as our depositors who live in Albany receive.

Many people realize that they can do their banking through the mail just as safely and conveniently as though they lived in this city. We estimate over 9000 of our depositors do their banking by mail.

You need but write, your letter will receive immediate attention.

All deposits made on or before February 3rd will bear interest from February 1st.

Assuring you of our willingness to serve you, we are,

Yours very truly,

Asst. Treasurer.



100 STATE STREET

U. S. MAIL FOR BANKING

You can open an account with us just as safely and conveniently by mail as if you lived next door to the Bank.
Let us tell you how easy it is to deposit BY MAIL.

4½% PER ANNUM
PRESENT DIVIDEND RATE

ASSETS OVER \$17,500,000.00

Our Booklet "U. S. Mail for Banking" will be sent if you sign and return this card

Albany City Savings Bank

100 STATE STREET, ALBANY, N. Y.

Please send Booklet to.....

Facsimile of the postal card used for circularizing

If no reply is received to the foregoing letter, at least one more is sent. And since that first letter is used in enclosing a statement of the bank, a slightly varied form is used at times when two other pamphlets are made up of. One of these is entitled "A Get Ahead Plan" and the other "Long Distance Banking by Mail." The "Get Ahead Plan" pamphlet is an inspirational appeal for thrift. The opening paragraph reads as follows: "Everybody wants to get ahead. Some strive to get ahead in business, some in position, some socially and almost all financially. This plan is for those who want to progress and get ahead financially. When a man or woman has saved a thousand dollars they begin to have a feeling of security and confidence and their future looks bright, but to save the first thousand seems almost an impossibility." The plan then unfolded points out that if \$5 weekly or \$20 monthly are deposited on every payday, the account, with interest at 4½ per cent., will amount to \$1050 in forty-eight months.

"This \$1050 will then produce another \$1000 without any further saving on the part of the owner," continues the pamphlet, "and this is where you really get ahead. The officers of this bank will help you to safely invest your \$1050 and the income from the investment will provide premiums for

a \$1000 endowment life insurance policy at the average age."

The pamphlet entitled "Long Distance Banking by Mail" is another statement, in briefer form than that of the other pamphlet used, namely, "U. S. Mail for Banking," and is therefore more easily read by some prospects. It sets forth again the expediency and safety of maintaining a savings account by mail deposits on the part of those who live distant from the savings bank. "You obtain the same efficient service, the same good rate of interest and the

CITY

ALL DEPOSITS MADE

IN THIS SAVINGS BANK ON OR BEFORE
DEC. 3RD WILL DRAW INTEREST FROM

December 1st

INTEREST—4½ Per Cent—INTEREST

ASSETS OVER \$18,000,000.00

Interest Days *January 1st and July 1st*
Write for Booklet "U. S. Mail for Banking"

Albany City Savings Bank

100 State St.

BANK

A sample of the bank's newspaper advertising

same absolute security in banking by mail that you would if you were able to call in person," concludes the copy of the pamphlet.

A large mailing list is compiled from names taken from the registration lists as furnished by the state election officials. In addressing this list a regular postal card is enclosed. The back of the card is printed with an advertisement covering the outstanding features of using the United States mails for banking and inviting the prospect to

send for the booklet, "U. S. Mail for Banking." The prospect is asked to sign his name and address to the card and send it in to the bank. A few of the bank's pamphlets are, of course, included in this direct by mail approach to thousands of excellent prospects.

From the fact that the Albany City Savings Bank estimates that at least one-half of its money on deposit comes from out-of-town depositors by mail, it seems evident that this class of business is well worth following up.



Proper Functions of the Federal Reserve System

By JAMES B. FORGAN

Chairman of the Board, First National Bank, Chicago

BANKERS have had too little experience to state definitely how the expansion and contraction of the currency under the Federal Reserve System is going to work under normal conditions. The unusual stress to which the Federal Reserve System was subjected at the very outset must make bankers and business men everywhere realize that the System, if properly managed and kept free from politics, ought to have no difficulty whatsoever in functioning satisfactorily during normal and less trying years. It will be necessary, however, for the Federal Reserve banks to educate the bankers of the country gradually to a conception that the Federal Reserve banks are to be regarded strictly, as their name implies, as a last resort, and that the rediscount privileges are to be used, therefore, sparingly and only in times of stress and strain. There is a danger that, owing to the peculiar conditions under which the System began, its reserve function may have been forgotten. If the Federal Reserve banks will have the courage to keep the rediscount rates above the prevailing market rate, banks and bankers will gradually learn to

make use of their rediscount privileges only in case of real necessity.

This may cut down the large profits which the Federal Reserve banks have earned in recent years, but, after all, the reason for the establishment of these banks was not to earn money either for themselves or for the Government, but to prevent losses to the business and banking communities of the country. Every true well-wisher of the Federal Reserve System will desire that in course of time it limit itself to the purposes for which it was created, that it may be kept out of politics, and that it may not be used as a panacea for all financial evils threatening the country as a whole, or any class or section thereof. Its real, primary and sole function is, and ought to be, to provide an elastic currency which may prevent unnecessary financial panics, of which we have experienced too many in the past. As one who had much to do with the discussions preceding its reaction and who acted as a fatherly adviser during the years of its infancy, the writer expresses the wish: *vivat, crescat, floreat.*—*Annals of the American Academy.*

Banking and Commercial Law

SPECIAL

The **BANKERS
MAGAZINE**

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Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts
Upon Questions of the Law of Banking and Negotiable Instruments

Provision in Note Waiving Statute of Limitations Invalid

First National Bank of La Junta v. Mock,
Supreme Court of Colorado, 203
Pac. Rep. 273.

THE note sued on provided: "We, the makers, . . . hereby waive . . . all benefits of the statutes of limitations." It was held that since this provision waived the statute of limitations for an indefinite time and permanently removed it from operation, it was void. Notwithstanding the provision, an action, not brought within the time specified by the statutes of limitations, was barred.

OPINION

Suit by William H. Mock against the First National Bank of La Junta, Colo. Judgment for plaintiff, and defendant brings error. Affirmed.

ALLEN, J.—This is a suit in equity to set aside a judgment in so far as it affects the plaintiff. The judgment now sought to be vacated was against the plaintiff, William H. Mock, and other persons. It was rendered in an action wherein the defendant in this action, the First National Bank of La Junta, Colo., was plaintiff, and William H. Mock, the plaintiff in the instant case, Walter H. Mock and others were defendants. The original action was one to recover upon two promissory notes, signed by the defendants as joint makers. In that action the defendant William H. Mock, who is plaintiff in this suit, was not served with summons, but, without his knowledge, an answer was filed for him by an attorney at law assuming to act under a warrant of attorney which is incorporated in the promissory notes in question.

The complaint in the instant case alleges, among other things, that at the time the original action was brought the notes, as to this plaintiff, were barred

by the statute of limitations. The trial court, in the instant case found or held to the same effect, and vacated the judgment in the original action as to plaintiff with an order permitting him to file answer and plead "such defenses as he may have."

The principal question presented is: Could the plaintiff have pleaded and successfully relied upon the statute of limitations in the original action? The record shows that that action was brought more than six years after the maturity of the notes. The defendant bank contends that the plaintiff, William H. Mock, could not invoke the statute because the notes contained the following language:

"We, the makers, . . . hereby waive . . . all benefits of the statutes of limitations. . . ."

There is considerable conflict of opinion as to the validity of a provision in a contract waiving the benefit of the statute of limitations. Note, Annotated Cases 1916A, 686. The waiver is generally held valid if it is for a reasonable time only. In the instant case, however, it purports to be for an indefinite length of time and to remove the statute from operation permanently. In *Bowers on Waiver*, § 218, it is said:

"The effect of a waiver of the statutes of limitations can in no sense be extended to a permanent removal of its operation. The logical result is that such waiver creates a new period, starting the statute afresh and extending the same length of time as originally applying, unless the agreement is for a waiver for a limited time, in which event suit must be brought within a reasonable time or the bar may again be invoked."

In *Moore v. Taylor*, 2 Tenn. Ch. App. 556, the court said that—

"A contract to permanently waive the operation of the statute of limitations would be contrary to public policy and void."

In *Mutual Life Ins. Co. v. United*

States Hotel Co., 82 Misc. Rep. 632, 144 N. Y. Supp. 476, is found the following language:

"An agreement made at the inception of a liability to the effect that the statute of limitations will never be interposed as a defense would be flying in the face of the statute. A consideration of public policy is embodied in the statute of limitations, and, while its provisions may be waived at a trial by not pleading the statute, its provisions cannot be waived in advance for unlimited time."

To the same effect is *Wright v. Gardner*, 98 Ky. 454, 33 S. W. 622, 35 S. W. 1116. If the statute could be waived so as to remove it permanently from operation, then, as said in *Hoffman v. Fisher*, 2 Wkly. Notes Cas. (Pa.) 17, the waiver would result in "a perpetual burden upon a defendant and his estate." In *Kellogg v. Dickinson*, 147 Mass. 432, 18 N. E. 223, 1 L. R. A. 346, there was an indorsement on a note to the effect that the indorser would "not take any advantage of the statute of limitations." Of this the court said:

"If construed to cover an indefinitely long time in the future, it would be extraordinary, and contrary to the policy of the law."

This court has held that the statute may be waived by not pleading it. *Mountain Waterworks Co. v. Holme*, 49 Colo. 412, 113 Pac. 501. But, as said in *Crane v. French*, 38 Miss. 503:

"There appears to be a plain distinction between declining to take advantage of a privilege which the law allows to a party, and binding himself by contract that he will not avail himself of a right which the law has allowed to him on grounds of public policy. . . . It would scarcely be contended that a stipulation inserted in such a note, that he would never set up such defense, would debar him of the defense, if he thought fit to make it."

The same view is expressed in *Bridges v. Stephens*, 132 Mo. 524, 34 S. W. 555.

Since the waiver in the instant case is one for an indefinite time, and perma-

nently removes the statute of limitations from operation, under the authorities above cited it should be, and it accordingly is, held to be void. The stipulation in the note will not preclude the plaintiff, William H. Mock, from interposing the statute of limitations as a defense to the original action.



Bank Not Liable in Paying Certified Check Condi- tionally Indorsed

Keeler Bros. v. Gilliam County, Oregon,
School District, 276 Fed. Rep. 755.

The plaintiff firm, in making a bill for certain school bonds, drew a check for the sum of \$5,000. The check was payable to the firm's order and was drawn on the defendant bank. After having the check certified, the plaintiff indorsed it to the school district, which was to issue the bonds, "In accordance with our bid for legal bonds, when approved by attorney and attached hereto." Notwithstanding the conditional indorsement, the drawee bank paid the check when it was presented in regular course. In an action by the plaintiff firm, it was held that the bank was not liable in making such payment. The bank was protected by the Negotiable Instruments Law, which provides: "Where an indorsement is conditional, a party required to pay the instrument may disregard the condition, and make payment to the indorsee or his transferee, whether the condition has been fulfilled or not."

OPINION

At Law. Action by *Keeler Bros.* against School District No. 25 of Gilliam County, Or., and others. On demurrer to the complaint. Demurrer sustained.

WOLVERTON, D. J. — *Keeler Brothers*, on September 30, 1919, drew its check for \$5,000, payable to itself, on the United States National Bank, procured its certification by the bank, and indorsed it as follows:

"Pay to Gilliam County, S. D., No. 25, in accordance with our bid for legal bonds, when approved by attorney and attached hereto."

"Keeler Brothers."

The check, so drawn, certified and indorsed was delivered to school district No. 25. Later it was indorsed by the school district, and in course of negotiation through two other banks was presented to the United States National for payment, and paid by it to the holder. Keeler Brothers now seek to recover against the bank the amount of the check, although the bank has previously paid it to the holder. Its right so to recover is challenged by the bank.

I take it that the check was indorsed by Keeler Brothers after Keeler Brothers had obtained its certification by the bank. Such would be the natural course that would be pursued in the transaction, and the complaint nowhere declares to the contrary. The question involved depends upon the proper construction of Section 7831 of Olson's Oregon Laws, which reads:

"Where an indorsement is conditional, a party required to pay the instrument may disregard the condition, and make payment to the indorsee or his transferee, whether the condition has been fulfilled or not; but any person to whom an instrument so indorsed is negotiated will hold the same, or the proceeds thereof, subject to the rights of the person indorsing conditionally."

There can be no mistaking the plain letter of the statute. The party required to pay may disregard the condition, and make payment to the indorsee. The statute authorizes him to do this. Having been authorized by the statute so to act, does the law merchant, notwithstanding, subject him to a second payment of the obligation at the behest of the drawer?

Counsel for plaintiff cite authorities under the old law to the effect that—

"The acceptor is bound to take notice of the condition annexed to an indorsement, for when a person accepts a bill after a conditional indorsement, and pays it to an indorsee of this conditional

indorsee while the condition of the first indorsement is unfulfilled, he is liable in second payment to the first indorser, being bound to look at the conditional indorsement as a limitation *ex facie* of the bill, in the title of the party claiming payment." Daniel on Negotiable Instruments (3rd Ed.) § 697, p. 622.

Such is the doctrine of the case of *Robertson v. Kensington et al.*, 4 Taunt. 30, 128 Eng. Reports (Reprint) 238. This is apparent from the argument of counsel for plaintiff, which was, in effect, that defendants, by subsequently accepting the bill, that is, after the indorsement had been made, had become parties to the conditional transfer, and, as the condition had never been performed, the transfer had been defeated, and they became liable.

Such is not the present case. The indorsement here was made, as we must infer from a fair construction of the complaint, after the certification, and the bank in no way became a party to the indorsement. There seems to be a dearth of authority on the particular question here presented, perhaps because the statute is so plain that there has been no occasion for its judicial interpretation.

It is suggested by counsel for the bank that the word "may" is susceptible of being construed as "shall" or "must"; but that question does not arise here, for it is sufficient that the law permits the bank to make such payment. That is reason enough to protect the bank against a second payment to the drawer of the check.

Demurrer sustained.



Deposit Intended For One Bank Left With Cashier of Another Bank

Williamson v. First National Bank of Vicksburg, Supreme Court of Mississippi, 90 So. Rep. 115.

Two banks, a national bank and a savings bank, occupied the same banking rooms. The plaintiff, after making a deposit with the savings bank, wished

to make a further deposit with the national bank and the cashier of the savings bank offered to receive the deposit. The plaintiff accordingly gave him the money and received credit therefor in his national bank pass-book. Through an error, the deposit was credited to the savings account and not to the national bank account. As a result, checks subsequently drawn by the plaintiff on the national bank were refused for want of funds. The deposit was subsequently paid over to the national bank and the rejected checks were then paid. It was held that the receipt of the deposit by the national bank was a ratification of the act of the savings bank cashier in receiving the deposit. Consequently, the national bank was liable to the plaintiff in damages for having refused payment of his checks the first time they were presented.

OPINION

Action by U. Williamson against the First National Bank of Vicksburg. Judgment for defendant, and plaintiff appeals. Reversed and remanded.

HOLDEN, J.—This is a suit by U. Williamson, appellant, for damages against appellee, the First National Bank of Vicksburg, for failure of the bank to honor appellant's check when he had sufficient funds on deposit for that purpose. The case was submitted to a jury, which returned a verdict in favor of the bank, from which judgment this appeal is prosecuted by the plaintiff below.

The facts of the case necessary to an understanding of the decision, briefly stated, are as follows: The appellant, U. Williamson, was a depositor in the City Savings and Trust Company bank, which was situated and adjoining on the same floor with the appellee, the First National Bank of Vicksburg. On January 1 Williamson made a deposit in the Savings Bank with its cashier, Mr. Hickman, and then desired to deposit \$80 in the First National Bank, whose deposit window was a few feet away. When appellant, Williamson, stated to Mr. Hickman that he wished to deposit \$80 in the appellee, First National

Bank, Hickman said, "I will take that right here," and thereupon he received the \$80 for deposit in the First National Bank, made out a deposit slip, and receipted Williamson for the \$80 as being received for deposit by the First National Bank, by writing the amount, date, etc., of the deposit in the First National Bank pass-book held by Williamson. Following this, the next day, Mr. Tucker, an employee in the Savings Bank, for some unknown reason, changed the deposit slip from that of the First National Bank to the Savings Bank; consequently the \$80 was deposited in the Savings Bank, and not in the National Bank, where it was intended to be deposited by all parties. Hickman had received deposits for the National Bank in this way many times before, for which "he was not criticised by the National Bank," and such deposits were always accepted by the First National Bank. Hickman testified, however, that he received this deposit and others as an accommodation to the depositor, and not for the National Bank, nor by authority of the National Bank; that he had no authority to receive deposits for the National Bank, but had often done so for the depositor in the manner stated.

The next day after the deposit by the appellant, Williamson, he drew one or more checks on his account of \$80 in the First National Bank, which checks, when presented, were dishonored and returned because of "insufficient funds." Finally, a few days thereafter, appellant called on the National Bank and presented its passbook, with the \$80 deposit written in it, and asked for an explanation for refusing payment of his checks. The error had then been discovered by the National Bank, which caused the trouble. Shortly before this the cashier of the National Bank, having discovered the mistake, wrote a letter to Williamson, the appellant, in which he said:

"We want to assure you that we regret very much that this error occurred, and we stand ready to write letters to the parties that held these checks, explaining to them that you had sufficient

funds to meet them, and that we were entirely at fault in this matter."

Shortly before this the \$80 deposited erroneously in the Savings Bank was transferred to the National Bank to the credit of appellant, Williamson. This transfer of the deposit was made by Hickman, cashier of the Savings Bank, and was accepted by the First National Bank and credited to the account of appellant, Williamson. Following this, the dishonored checks were again presented to the National Bank for payment, and were duly paid and charged against said \$80 deposit account of appellant. Nothing further was done by any of the parties, and the deposit of the \$80 in the National Bank, as receipted for in the National Bank passbook, was recognized and stood as a deposit account of appellant.

The testimony in the case, as stated above, was undisputed at the trial, and the appellant asked and was refused a peremptory instruction to find for the appellant, which is assigned as a cause for reversal.

The theory of the appellant is that there was no question of fact as to liability for the jury to determine, because the undisputed proof showed that the deposit of the \$80 by appellant was accepted and receipted for in the passbook as a deposit in the National Bank, which deposit and receipt in the passbook were afterwards ratified by the National Bank. The opposing contention of the appellee, National Bank, is that Hickman had no authority to receive the deposit and bind the National Bank, and that the deposit received by Hickman was solely for the accommodation of the depositor and was not for the National Bank, and this issue was decided by the jury.

We are convinced that under the undisputed facts in this case the contention of the appellant must prevail. When Hickman received the deposit for the National Bank, and, in effect, receipted for it in the passbook of and for the National Bank, and the National Bank afterwards received it and recognized the act of Hickman as its act, by admission and action, and adopted the

receipt in the passbook as its receipt, and thereafter paid the checks of appellant against the deposit as written in the passbook, it was a ratification of the act of Hickman by the National Bank; and the National Bank is responsible to the depositor on account of the failure to honor his checks when presented to it for payment.

It appears to have been customary for Hickman to receive deposits for the National Bank in the same way as he received the one here in question, and they were accepted by the National Bank. The trouble in this case would not have arisen, except for the mistake made by an employee after Hickman had received the deposit for the National Bank. The two banking institutions operate close together, though disconnected, and when Hickman issued a written receipt of the National Bank for the \$80 deposit to appellant, and the National Bank adopted the deposit as being made in its bank, by the evidential admission of the cashier and by honoring checks of appellant against it, thus confirming the receipt, it cannot be heard to say that the deposit was not received by it, because Hickman had no authority to act in the premises. As to the measure of damages, see *Grenada Bank v. Lester*, 89 South. 2.

Reversed and remanded.



Date From Which Interest Runs

Jacobs v. Murray, Superior Court of Delaware, 113 Atl. Rep. 803.

A bill of exchange or promissory note, which contains a provision for interest, but does not specify the date from which the interest is to run, carries interest from its date. If the instrument is payable at a specified future time and contains no provision for interest, it carries interest from maturity. An instrument payable on demand, which contains no provision for interest, is allowed interest from the date of demand for payment.

OPINION

Action by George G. Murray against Charles G. Jacobs. From judgment for plaintiff, defendant appeals. Judgment for plaintiff below, respondent.

Action of assumpsit on the following promissory note:

\$500.00. New York, June 16th, 1909.

On demand after date I promise to pay to the order of George G. Murray five hundred 00/100 dollars at his office, 149-151 West Thirty-sixth street, New York. Value received.

[Signed] Chas. G. Jacobs.

The cause coming on for hearing in the Superior Court, it was agreed by counsel that it should be tried by the court without a jury.

The plaintiff below respondent claimed interest on the note from October 1, 1909, fixing that date, under oath, as when demand for payment was made on the defendant below.

The evidence showed that payments of varying amounts were made over a period of time extending from April 3, 1913, to August 1, 1919, the total amount so paid aggregating a sum equal to the principal sum of the note, and the defendant below appellant claimed that the full principal sum of the note having been paid the plaintiff below respondent cannot have a recovery as for interest from date of demand or otherwise claim interest.

CONRAD, J.—The question presented is whether a demand note, without express provision for the payment of interest, will bear interest from the date of demand.

The law seems well settled that when an instrument provides for interest, it runs from the date; that where no interest is reserved, interest runs from the date of maturity at the legal rate; that interest on a demand note runs from the time of demand. Interest after maturity or from demand is by way of damages.

The Delaware courts have clearly

recognized the principle that interest is a legal incident to the principal sum, existing from the default in the performance of the contract by the debtor, wherever there is a certainty in the sum to be paid, and the time of payment.

Further our courts have held that where a debt is wrongly withheld by the defendant, after the plaintiff has endeavored to obtain payment of it, the jury may give interest in the shape of damages for the unjust detention of the debt. Interest is allowed in general on the ground of contract, or the usage of trade where a promise to pay interest is implied from such usage or from other circumstances. *Stockton's Adm'r v. Guthrie*, 5 Har. 204; *Black's Ex'rs v. Reybold*, 3 Har. 528.

The general principle is that when the principal of a claim is extinguished by the act of the plaintiff, or of the parties, all of its incidents go with it. It is on this principle that the defendant below appellant relies, his contention being that the principal sum of the note had been fully paid and that a suit could not now lie for the interest.

The court cannot agree with his contention as we do not see how that law can be applicable to this case. Here the principal sum due by the note was retained by the defendant below appellant against the declared will of the plaintiff below respondent, who was entitled to receive it, from the date of demand; and as the payments were made in small amounts and at varying and prolonged intervals, the settled law, together with the general usage and practice allow the holder of the note interest as damages or compensation for the loss occasioned by the delay.

The payments made by the defendant below appellant were applied to the note, principal and interest from the date of the demand, after the manner of partial payments, and the court finds for the plaintiff below respondent and against the defendant below appellant for three hundred and seventeen dollars and sixty-three cents.

Let judgment be entered accordingly.



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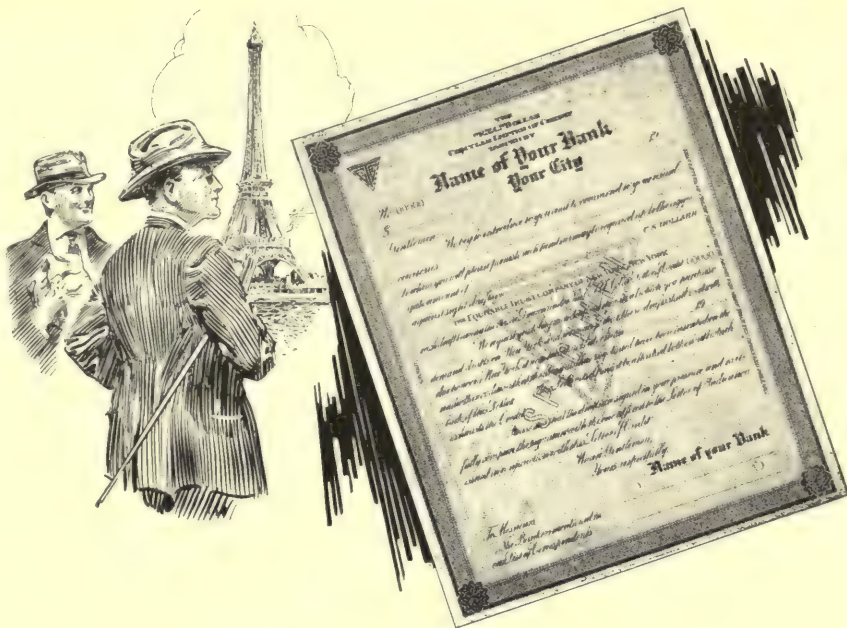
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A Fundamental Solution of the Foreign Exchange Problem*

By Benjamin M. Anderson, Jr.

STABILIZATION of paper money and of international exchange rates is perfectly simple when you have actual gold redemption and free international movements of gold. Stabilization of exchange rates under an inconvertible paper money régime involves the control of so many factors as to be absolutely unmanageable. One must stabilize the tides of speculative opinion. One must stabilize hopes and fears and aspirations. One must stabilize the results of elections, of diplomatic relations. One must stabilize tax receipts, public expenditures, and all the other factors which enter into the prospect of ultimate gold redemption. In other words, one must establish a definite belief and an unvarying belief that on a given day in the future actual gold redemption will be restored, and one must do this for all the countries involved. But this means that to talk of stability of inconvertible paper money or of stable exchange rates where inconvertible paper is involved, is to talk absurdities.

A FUNDAMENTAL SOLUTION

Our conclusion is, then, adverse to the effort, under whatever guise, to stabilize or to strengthen the European exchange rates by methods striking directly at exchange which leave the underlying causes of exchange depreciation and exchange fluctuations untouched. The real solution lies in the treatment of causes rather than of symptoms. It is better that the exchange rates should be left free from control so that they may tell the truth, and so that they may serve as barometers of actual conditions. The real solution lies in getting Europe straightened out.

In a large way there is agreement among students of the problem as to what is necessary in this matter. The

following propositions will probably be agreed to by most students:

1. *Public Finances.*

(a) Taxes must balance current public expenditure and must exceed current public expenditure by enough to permit some amortization of public debt. This does not mean merely that "budgets" must be balanced. The term "budget," as used by more than one Continental country, is a misleading term which leaves out major items of expenditure. Public expenditures on the Continent of Europe are far too great. Taxes are far too low. Taxes must be greatly increased and public expenditure must be greatly curtailed.

(b) Floating debts must be funded into long-term issues. A very high proportion of the existing public debts of the Continent of Europe is floating debt. The term "floating debt" would include debts of the states to the state banks of issue, and short-term paper, whether held by the banks, or by the people, or by foreign creditors.

2. *Currency.*

Drastic currency reforms are called for on the part of virtually all the European belligerents. The aim of currency reform should be the restoration of a currency which is stable in value because the paper is actually redeemable in gold. In Great Britain a restoration of the old gold parity is possible, desirable, and apparently definitely intended by governmental and business interests. In many of the Continental countries a restoration of the old gold par is clearly impossible with the present volume of bank notes outstanding. If there were sufficient vigor on the part of Continental governments, it would be theoretically possible to re-

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store the old gold pars in certain Continental countries by the process of reducing the volume of bank notes outstanding to a manageable amount. Through the proceeds of taxation and of funding loans the state could draw into the public treasury bank notes from the pockets of the people, could then turn them over to the bank of issue in payment of the debt of the state to the bank, and the bank could then cancel the notes. By this process the volume of note issue could be reduced until the gold reserves were adequate for the redemption of specie payments. The difficulties of this course, however, are very great. It is feasible for Great Britain; it is probably not feasible for the Continental belligerents. The restoration of the currency to par in France and Italy, to say nothing of other countries, would involve, on the one hand, violent declines in commodity prices and the bankruptcy of many business men. It would involve, on the other hand, a tremendous increase in the burden of the public debt and in the burden of taxation required to carry interest upon the public debt. Terms like "partial repudiation" or "scaling down" are unpleasant terms, but it is well to face facts frankly. Most of the Continental belligerents will probably be well advised to consider the desirability of establishing new and much lower gold pars and to reduce the volume of bank notes outstanding moderately by means of taxes and funding loans to a point at which gold redemption can be resumed at the lower pars.

One central reason for a compromise of this sort is the tremendous importance of establishing promptly something like stability in the internal value of the money so that business men can make calculations with safety and so that the processes of industry and commerce may go on unhampered by the terrible fluctuations which have proved so demoralizing.

3. *German Indemnity.*

It is essential that there be a rational settlement of the German indemnity question. The fact must be faced, as apparently it is now being faced by

Britain and France, that the political settlement dictated to Germany in the spring of 1921 is one impossible of economic fulfillment. It is right that Germany should pay to France, Belgium and Great Britain all that she is capable of paying. But neither France, nor Belgium, nor Great Britain has anything to gain by a continuation of the present demoralization of Germany.

4. *Trade Barriers.*

Trade relations within Europe must be made far freer than they now are, and, in particular, tariff and other barriers interfering with commerce among the small states of eastern Europe must be moderated very greatly.

5. *Industry and Outside Capital.*

Industry in Europe must revive. If, however, public finance can be straightened out, currency stabilized, the German indemnity question adjusted, and freer trade relations reestablished, very much will already have been done to make possible industrial revival. More is called for. In particular, outside help in the form of new capital is called for. But if these other things can be accomplished, the outside help will be readily forthcoming.

PROBLEMS FACING EUROPEAN GOVERNMENTS

It is easy to outline the things which Europe ought to do if her economic life is to revive. Politically, it has proved very difficult to make any headway at all in the accomplishment of these projects. It is not through ignorance of economics that many European statesmen have allowed public expenditures to stand unbalanced by taxes. It is not through ignorance of economics that bank-note issues have been allowed to run wild. No doubt there has been on the part of a good many European statesmen an inadequate knowledge of economic laws. But by and large, these matters are understood in Europe, and merely to reiterate them without suggesting ways and means by which they can be accomplished means little. The minister who would propose them must be able to command majorities in his

parliament. He must be able to command the support and acquiescence of his people. In the midst of the disorganization which followed the war, this has not been easy. With men out of employment demanding work, the line of least resistance has been to put them on the public payroll; and lacking funds drawn from taxes to pay them, to pay them from the proceeds of borrowing. With broken soldiers, widows and orphans demanding pensions, it has seemed necessary to pay them pensions somehow, even though tax receipts did not provide the funds. With a populace clamoring for bread, or protesting against the high price of bread, it has seemed easiest to create bread subsidies, whether tax receipts could pay them or not. With great areas devastated by war and people clamoring for their reconstruction, ministers have found it easiest to supply the funds for reconstruction by whatsoever means they might be got, whether on the basis of sound finance or not. With taxpayers reluctant to have their taxes increased and ready to overthrow any ministry which increased them, demanding that the conquered foe should pay the cost of the war, ministers have naturally temporized in the matter of increasing taxes. Great Britain alone of all the European belligerents has had sufficient vigor and courage on the part of its government to vote and collect the taxes necessary to keep an approximate fiscal balance. How can the hands of ministers be strengthened so that they can force upon their people the necessary reforms?

GERMANY FAILED TO PROFIT BY EXAMPLES OF RUINOUS POLICIES

It has not proved sufficient for the European critics of existing policies to point out that such policies in the end are ruinous. The examples of Russia and Austria were not sufficient to prevent Germany from following the course which led inevitably to the extreme depreciation of its money and the exhaustion of its foreign credit. German statesmen realized two years ago that the course of public finance which they



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were following led ultimately to ruin. Faced with the fact, however, that they had on their hands many millions more people than they could support with the existing output of German industry and agriculture, realizing that it was necessary somehow or other to keep them alive, they turned to the one asset which they had left, namely, the credit of the Reichsbank with the outside world. As long as the outside world would buy marks they could keep their people alive. If men were unemployed they could put them on the public payroll and pay them with marks. So long as the outside world would buy these marks Germany could import food and other things to support her people. That it would ruin the finances of Germany and ruin the Reichsbank if persisted in indefinitely, they knew, but they also knew that as long as the process continued they could keep their people alive. They hoped that something

would turn up outside. They hoped that before the Reichsbank's credit was exhausted a change might take place in the spirit of their conquerors, and that better expedients might be available to them.

In general, the Continent of Europe has been making use of these expedients, not from choice, but as following the line of least resistance, as following the one line which seemed politically possible, hoping that they might be temporary expedients and hoping that developments, particularly in America, might make it possible to change.

It must not be supposed that it will be easy for governments suddenly to dismiss from the public payrolls large numbers of superfluous public functionaries and laborers, or for them to discontinue suddenly a wide range of expenditures in which they are now engaging. A business shock is inevitable and a great deal of unemployment is inevitable as a temporary sequence of the reforms here outlined. A comprehensive scheme for world economic readjustment will foresee this and will make some effort to mitigate the severity of it. It is financial and economic suicide to go on with the present course, just as it is physical and moral ruin for an individual to continue to take opiates. But a wise statesmanship will seek to soften the blow. It is this consideration which more than any other justifies the proposal that the Continental belligerents should not seek to re-establish their old gold pars, but should undertake to stabilize their moneys by actual gold redemption at new and much lower pars. Certain measures of temporary charity and relief may also have to be devised in some countries. They should be definitely looked upon, however, as temporary and as charity, and they should not be made so attractive that men will prefer public relief to wages.

The problem of the restoration of Europe, therefore, involves help from the outside. One possibility might be the following:

The two great financial powers outside of the Continent of Europe are Great Britain and the United States. Japan has also the ability to lend substantial aid, and under proper conditions might be ready to do so. If there could be worked out an agreement involving the United States and Great Britain, with perhaps Japan, on the one

hand, and the embarrassed countries of Continental Europe on the other hand, much might be accomplished. The agreements should involve not merely the governments of the countries, but also, and perhaps more important, the financial interests of the United States, Great Britain and Japan. The agreement should take something of the following form.

SHOULD CANCEL DEBTS OWED BY CONTINENTAL ALLIES

The governments of the United States and Great Britain should propose to cancel the debts which their Continental Allies owe them. The question of the debt of Great Britain to the United States need not come into this consideration at all. Great Britain is solvent. Great Britain does not ask that her debt be canceled, and Great Britain will ultimately pay the debt if we are properly considerate in giving her time. It is the cancellation of the debts of France, Italy and other Continental countries to the United States Government that is suggested, and with that the cancellation by Great Britain of the debts which these Continental countries owe her. The agreement should involve also the undertaking by the financial interests of the United States, of Great Britain, and of Japan to place with investors in these three countries large blocks of Continental securities so as to provide large new funds to aid in the restoration of Europe.

These undertakings by the governments of the United States and Great Britain, and the financial interests of the United States, Great Britain and Japan, should be conditioned on, and made contingent on, the inauguration of the necessary reforms in public finance, in currency, in tariff restrictions, in the settlement of the German indemnity, and the other matters referred to above.

Let the finance minister of a European state go before his parliament and his people and say to them, "If we continue in our present course our credit in London and New York is no longer good; our exchange rates will continue

to depreciate; our currency will continue to depreciate; we are headed for bankruptcy; disaster is inevitable. If, on the other hand, we shall inaugurate the reforms which our friends urge upon us in our own interests, they will release us from our existing debts to their governments and will lend us large new sums." With such a plea it is probable that he could persuade his parliament and his people to agree to his plans.

AMERICAN INVESTORS AND EUROPEAN SECURITIES

The American investing public has not taken kindly to large issues of European securities since the war. Efforts to place such securities here have not been made on a great scale, and have been only moderately successful. Suggestions that we take German reparation bonds have been discouraged by American bankers. American investors have been distrustful of the security which Europe has to offer under existing conditions.

The potential resources of Europe, however, and the potential security which Europe has to offer, should be abundantly adequate for any loans which are necessary to put Europe on her feet if the proceeds of the loans are wisely used, and if the loans are made in consideration of the reforms indicated. Europe has great populations trained to industry. Her people are educated. The highest order of scientific ability, not merely in technical matters, but also in politics and finance, is found in every leading country of Europe. Europe's natural resources are scant compared with our own, but not even the war and the aftermath of the war have destroyed the great wealth in the form of artificial resources which have been piled up in Europe by generations of intelligent labor. There are factories which with a moderate outlay of new capital could be made immensely productive. Belting is worn, bolts and nuts are loose, parts are rusted and need replacement, but the factory as a whole is intact, and a moderate capital outlay would restore it. Rolling stock of railroads is, in many cases, run down,



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terminal facilities here and there are disorganized, locomotives need replacement, but the foundation of the road-bed remains; a moderate outlay in many cases would make the tracks good; a moderate outlay at various points would restore the transportation system. In many respects, viewed on the physical and technological side, Europe presents an analogy to virgin, undeveloped countries, where a small outlay of capital will bring an immense return because it will unlock immense potential resources which cannot come into play without the outlay of new capital.

Finally, Europe has a splendid body of legal traditions and a splendid social organization, traditions of paying debts and the disposition to meet obligations. The moral risk, despite the demoralization of the last seven years, is better than in the outlying countries of the world. If we could persuade Europe to institute the necessary re-



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Capital paid up and Surplus . \$35,000,000.00

Total Resources \$1,000,000,000.00
(Five Lire—One Dollar)

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Abbazia	Castiglione Fiorentino	Lucca	Potenza
Acqui	Catania	Luserna S. Giovanni	Pratola Peligna
Alba	Cecina	Macomer	Putignano
Albano Laziale	Celano	Maglie	Rapallo
Albenga	Centallo	Marciana Marina	Reggio Calabria
Anagni	Ceva	Martina Franca	Rionero in Vulture
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Arcidosso	Como	Mondovi	S. Benedetto
Arezzo	Cornigliano Ligure	Monopoli	del Tronto
Ascoli Piceno	Cortona	Monteleone di	S. Giuseppe
Assisi	Cotrone	Montesampietrangeli	Vesuviano
Asti	Crema	Monte San Savino	Sansevero
Aversa	Cremona	Monte Urano	Santa Margherita
Avezzano	Cuorgne	Montevarchi	Ligure
Bagheria	Dogliani	Naples	Santa Maria
Bagni di Casciana	Fabriziano	Nardo	degli Angeli
Bagni di Lucca	Fermo	Nettuno	Sant' Antioco
Bagni di Montecatini	Fiesole	Nizza Monferrato	Sarno
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Barl	Fiume	Nocera Superiore	Sassari
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Bastia Umbra	Foggia	Orbetello	Secondigliano
Benevagienna	Foligno della Chiana	Orvieto	Segni-Scaio
Bergamo	Foligno	Orzinuovi	Siena
Bibbiena	Forte del Marmi	Ostuni	Signa
Bisceglie	Fossano	Pagan	Siracusa
Bitonto	Frascati	Palermo	Spello
Bologna	Frosinone	Pallanza	Squinzano
Bolzano	Galliano	Paranzo	Tagliacozzo
Borgo a Mozzano	Gallipoli	Perugia	Tempio Pausania
Bosa	Gavi	Pesina	Termini Imerese
Bra	Genoa	Piadena	Terranova di Sicilia
Brescia	Giugliano in Campania	Pietrasanta	Tivoli
Cagliari	Gravina	Pinerolo	Torre Annunziata
Caltagirone	Greve in Chianti	Piombino	Torre del Passeri
Camaloro	Grosseto	Pisino	Torre Pellice
Campiglia Marittima	Gualdo Tadino	Poggibonsi	Trani
Campobasso	Gubbio	Poggio Marino	Trapani
Canale	Intra	Ponte a Poppi	Trento
Canelli	Ischia	Pontecagnano	Trieste
Canosa di Puglia	Ivrea	Pontederà	Turin
Carate Brianza	Lagonegro	Popoli	Vasto
Carloforte	La Maddalena	Portoferrato	Velletri
Carbonara	Lanciano	Porto Longone	Venice
Casalbuttano	Lanusei	Porto S. Giorgio	Viareggio
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forms, she becomes a good credit risk; and if we can undertake to supply her with necessary funds, we can probably induce her to institute the necessary reforms.

SUM LENT EUROPE MISDIRECTED IN PART

We have already, in one form or another, lent Europe far more money than has been needed for her rehabilitation had the money been wisely used. Since the armistice Europe has had billions from the American Government, and she has had more billions still in the form of open account or unfunded credits from private creditors in the United States. To a very great extent, however, these funds have been used in the purchase of goods for current consumption, including luxuries, rather than in the form of raw materials and other things needed for rehabilitation and for setting industries going. One part of this general settlement must, therefore, involve careful control over the employment of new credits granted so that they will be used only for necessary purposes.

This does not mean, however, that the funds with which Europe is provided shall not be used in some measure for consumption purposes. There has been a great deal of criticism of the old theory of capital which looked on capital primarily as an advance of food by the capitalist to the laborer during the production process. In part, however, this is essentially what capital is. The whole theory of capital is not revealed in this definition, and the Wages Fund Theory as an explanation of wage rates is a false one. If European labor, however, is to be enabled by American advances to engage in work, let us say in the repair of a European factory to set it going again, the most essential thing which we can do is to feed that labor while it works. Outside capital for reconstruction purposes should be limited to what is absolutely necessary. Outside capital should be primarily devoted to supplying Europe with raw materials which can be quickly turned into finished products and sent out again. The proceeds of the sales of finished goods from Europe need not be



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immediately applied to the repayment of debt, but ought, at all events, to be returned into a revolving fund which can keep a permanent flow of goods into and out of Europe going without requiring fresh advances.

PART OF NEW FUNDS PROVIDED EUROPE SHOULD BE GOLD

A fairly substantial part of the new funds provided Europe by loans in the United States may well take the form of gold to be used in increasing the reserves of several banks of issue on the Continent. In this connection it might be well to lend gold to Great Britain also. Under existing conditions, sending gold to Europe or giving gold credits in the United States to Europe would mean merely a temporary strengthening of the exchange rates followed by an increase of commodity exports from the United States to Europe, accompanied by the return of the gold to the United

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States and a restoration of the present unsatisfactory situation. If, however, as a part of a comprehensive plan which involved fundamental reforms all around, gold could be sent to Europe in the proper amounts and to the proper places, it would have a stabilizing and steadying effect. Our contention that the problem is not primarily an exchange problem, but a general economic problem, and that we must not try to solve it by striking directly at the exchange rates, does not mean that we may not attempt stabilization of exchange as one part of a much more comprehensive program. The essential in currency reform is the restoration of actual gold payments. To accomplish this, we must accomplish several things: (1) the balancing of public revenues and expenditures so that further borrowings from the bank of issue are unnecessary; (2) the building up of the credit of the state so as to restore public confidence in the soundness of the item "advances to the state," which constitutes the chief asset of virtually all the banks of issue of the Continental belligerents; (3) the establishment of a new gold par within hailing distance of the bank's ability to reestablish gold payments; (4) a reduction in the "advances to the state" through partial repayment by the state to the bank, with a corresponding cancellation of bank notes so as to reduce the volume of bank notes which the bank of issue has to redeem; (5) coincident with the reduction in the volume of its demand liabilities, the bank may

also find it highly advantageous to increase if it can its gold reserve.

HOW EUROPE SHOULD USE NEW ADVANCES

Rigorous control of the uses to which new advances to Europe are put does not mean, and should not mean, that these funds must be spent in the country which advances them. Europe should be allowed to borrow in those markets where interest rates are lowest and should be allowed to buy in those markets where goods are cheapest, whether the two coincide or not. If we undertake to seek narrow, immediate advantage at every step of the rehabilitation process, the whole thing will fall through. The world as a whole must revive together. If funds are borrowed in the United States by France to be spent in India in the purchase of raw materials, with the resultant quickening of industry in India, the United States will gain. India will become a better market for American products. Industrial revival in any part of the world will react favorably upon industry in every part of the world. Our plans must look toward the restoration of activity throughout the world as a whole.

No provision in this scheme has been made for the funding of the immense floating debt of Europe (not less than \$4,000,000,000) to private creditors in the United States. It is possible that a general economic adjustment would have to make some provision for this. On the other hand, the difficulties of dealing with a vast multitude of relatively small items, many of which have distinct peculiarities, is very great. It is probable, moreover, that special provi-

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RESOURCES		LIABILITIES	
Cash on hand and in Banks.....	\$4,890,450.94	Capital.....	\$2,000,000.00
Bankers' Acceptances (Eligible)...	4,341,462.43	Surplus.....	600,000.00
Certificates of Indebtedness and Bonds.....	1,365,578.68	Undivided Profits.....	282,466.16
Loans and Discounts:—		Current Accounts:—	
Demand Loans.....	\$2,650,000.00	Demand.....	\$7,843,628.02
Time Loans.....	2,000,000.00	Time.....	6,053,575.54—
Other Loans and Discounts.....	2,019,498.17—	Acceptances & Letters of Credit	4,443,390.33
Accruals and Other Assets.....	58,144.99	Reserve for Taxes, Unearned Discount and Commission, etc.	118,792.66
Customers' Liability under Acceptances and Letters of Credit.	4,226,954.57	Liability under Foreign Exchange Contracts.....	12,358,648.65
Purchasers' Liability under Foreign Exchange Contracts.....	16,368,326.00	Balance Foreign Exchange sold, at current rates.....	4,219,914.42
Total.....	\$37,920,415.78	Total.....	\$37,920,415.78

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sions for dealing with this will be unnecessary if the other general reforms are put through. Given these reforms, Europe's credit would be good, and the outside world would find it comparatively easy to carry these floating credits if the amount were not

increased. Moreover, there would be in all probability an immense flow of American private capital to Europe for investment in private enterprises there, the effect of which would be very greatly to reduce Europe's floating debt to the outside world.



James Farrell to Speak at Foreign Trade Convention

AN address on "A Foreign Trade Policy for Americans" will be given by James A. Farrell, president of the United States Steel Corporation, at the Ninth National Foreign Trade Convention in Philadelphia May 10, 11 and 12, over which Mr. Farrell will preside. His address will be the keynote of the campaign for a great business and industrial revival in this country.

This will be the first of the National Foreign Trade Conventions to be held on the Atlantic seaboard. It will bring together the greatest number of leaders in American industry, finance and

commerce ever assembled in a nationwide campaign to stimulate America's export trade to such an extent that the surplus production of American industry over domestic needs will be absorbed and business depression and unemployment ended.

Mr. Farrell will emphasize the necessity for a definite foreign trade policy if America's export trade leadership is to continue. He will stress the importance of foreign trade to the prosperity, not only of American industries, but to the public in general.

Financing and expansion of the nation's overseas commerce is the primary



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purpose of the convention. It will be a working gathering from the opening to the final session.

While only a part of the topics to be

discussed at the convention have been assigned to speakers as yet, New York City is already well represented. Charles M. Muchnic, vice-president of the American Locomotive Sales Corporation, will make an address on "The Factor of Depreciated Currency in Competition." Wilbert Ward, chairman of the Commercial Credit Committee of the American Acceptance Council, will explain an important feature of export credits under the head of "Uniform Commercial Credit Instruments."

Under the general topic of export sales promotion, J. W. Mason, vice-president of the American Surety Company, will talk on "Bonded Service as a Selling Argument." "The Essentials of a Market Survey" will be discussed by William Menkel of the Association of National Advertisers. Every phase of foreign trade will be taken up, either at the general or the group sessions. An important feature of the convention will be the presence of a number of experts on foreign trade who will advise manufacturers and exporters on all problems likely to come up in doing business in foreign lands.



Details of Foreign Loans Requested

NOTICE was issued on March 3 last by the State Department at Washington, according to the Associated Press, that the Government expects American bankers to advise it fully of the details of foreign loans with other governments or municipalities abroad before negotiations of such loans are concluded.

The notice served by the State Department on the bankers was said at the White House to be merely a reiteration of the attitude taken by the Administration at the conference between representative bankers, the President and certain Cabinet members last summer. It was said that the principal question at this time was whether loans to private individuals and foreign governments should take precedence over

the needs of the American Government.

The notice was not aimed at any particular country, it was said, nor was it intended as a reproof to any particular banking interests. Most of the bankers in this country, it was explained, were in accord with the desire of the Government to be fully informed on negotiations for foreign loans, but it was pointed out that some of the bankers had failed to coöperate fully with the State Department and the notice sent out recently was said to be a reminder to those bankers.

The department in its notice, which was in the nature of a warning, said that the desirability of coöperation in such loans, which was explained to the banking interests at a conference last summer between President Harding

and certain members of the Cabinet and representative American investment bankers, did not seem sufficiently well understood in banking and investment circles.

"The flotation of foreign bond issues in the American market," the State Department said, "is assuming an increasing importance, and on account of the bearing of such operations upon the proper conduct of affairs it is hoped that American concerns that contemplate making foreign loans will inform the Department of State in due time of the essential facts and of subsequent developments of importance.

Responsibility for furnishing the information desired was put squarely up to the bankers by the department, and it was said they were fully competent to determine what information should be supplied and when it should be furnished.

Officials explained that while there is no law compelling bankers to furnish such advance information to the Government, the department believed "that in view of the possible national interests involved it should have the opportunity of saying to the underwriters concerned, should it appear advisable to do so, that there is or is not objection to any particular issue."

The department informed the bankers that the absence of a statement from the Government, even though the department might have been fully informed regarding any loan, did not indicate either acquiescence or objection. It was emphasized also that the department would not pass upon the merits of foreign loans as business propositions, nor assume any responsibility whatever in connection with loan transactions.

The bankers also were warned that "offers for foreign loans should not, therefore, state or imply that they are contingent upon an expression from the State Department regarding them, nor should any prospectus or contract refer to the attitude of this Government." This statement, it was explained, was to guard against representations by bankers that foreign loans in this country had received the sanction of the American Government, and to prevent



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Banca d'Italia, Rome, Italy, *Depositary*

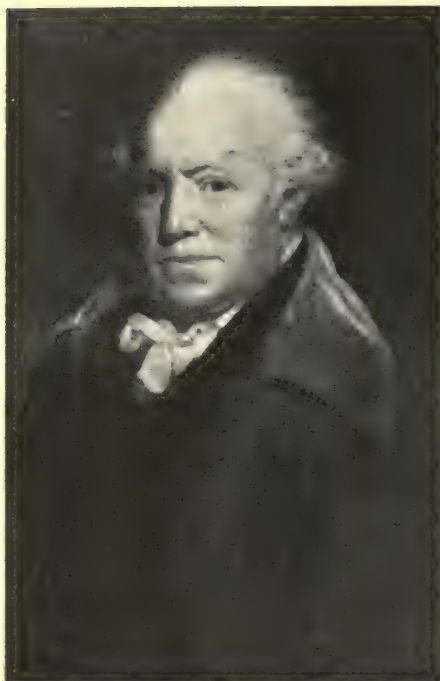
representations to possible clients that success of their negotiations for a loan depended upon the approval of the State Department.



Great Britain

FINANCIAL AND ECONOMIC CONDITIONS

The United Kingdom in convalescence appears to be fundamentally sound and in no danger of a relapse, according to a bulletin of the Department of Commerce at Washington. Continental markets for pig iron are reappearing and Ireland may offer a fertile field for general trade. Threatened wage disputes did not materialize, as labor wisely accepted a further drop in the cost of living as a part compen-



RICHARD COX

Founder of the house of Cox & Co., London,
in 1758

sation for the cut in wages. The strength of the general financial condition has improved in proportion to a heavier yield from income taxes, increasing the likelihood of a balance in the budget.

The income tax yield, usually most favorable in this final quarter, increased to such a degree in January of this year that it is quite possible that the budget may on March 31 report a balance rather than the generally anticipated deficit. In addition the floating debt, at £1,154,000,000 on January 31, was £121,000,000 below the figure of April 1; in January alone the reduction was £106,000,000. The exact reaction of this situation upon the plans to cut expenditures by £200,000,000 in the next fiscal year cannot be predicted. One possible development may be a reduction in the income tax. Already strong financial and business pressure has been brought to bear to reduce the income tax at least

one shilling in the pound, with the purpose of liberating fifty million sterling for business needs. The movement of trade, so sluggish of late, appears to be gathering momentum, as new securities for £144,000,000 were issued in January, eight times as much as in January, 1921. The stock market during the month reflected a strong position in rails, but a rather weak industrial market, due in part to the Dunlop report of a loss of over £8,000,000 in 1921.

At the ordinary general meeting of the shareholders of Barclays Bank, Ltd., held January 25, 1922, Frederick Craufurd Goodenough, chairman of the board, who presided, said, in part, on the subject of export credit schemes:

Many schemes have been devised to meet the difficulties encountered by our own exporters, and for providing credit to enable their goods to be sold, but up to the present very little has been achieved in this manner. In point of fact, little could be expected, for no practical step has yet been taken for dealing with the financial conditions of the distressed countries, or to get to the root of the problem—namely, unsound currency. It is only fair, however, to say that the export credits scheme, in its latest form, has undoubtedly proved to be of use in facilitating exports from this country to other parts where credit is weak, and the Government's action in promoting this scheme should be acknowledged as a valuable contribution to the needs of our exporters. So long, however, as unsound currency conditions continue abroad, it will be open to question whether the export credits scheme really tends to promote sound business or whether it may not ultimately lead to some of the exports having been practically given away.

These problems were the subject of discussion at the conference lately held at Cannes, and we must await the result of those deliberations and of the further discussions at Genoa.

Before, however, anything could be attempted with any reasonable chance of success it would be essential that there should be an honest and acceptable plan on the part of the country requiring assistance whereby its finances might be put upon a sound basis. This would involve:

1. A determination to impose taxation and to reduce expenditure.
2. An adequate assurance against the creation of new paper money except against value of an approved kind.

With these fundamental conditions fulfilled or assured, it should be for us to extend credit in order to help the country concerned to balance its exports and its imports for a period of time sufficient to en-

The Corn Exchange National Bank

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Foreign Exchange

Letters of Credit

Cable Transfers

able it to return to a normal condition of trade and financial equilibrium.

At the ordinary general meeting of shareholders of the London Joint City and Midland Bank, Limited, held January 27, 1922, the Right Hon. R. McKenna said in part, speaking on the subject of taxation:

It would not be easy—I doubt if it would be possible—to define the limits of a nation's taxable capacity. Too much depends upon the human factor which varies so greatly in different people. One man will exert himself to the utmost though the tax collector should take from him 10s. in the £ of all he earns; another will be disheartened if he be mulcted of but 5s. in the £. We cannot doubt, however, that taking the nation through there is a limit beyond which if taxation continues so high as to give only a very small return for additional effort and for the risk of additional capital, it will become a matter of general occurrence that the effort will not be made and the capital will not be risked.

We know that if business is to expand and prosper continuous additions must be made to the capital employed. A growing business—and at every period it is upon the growing business that the progress of the future depends—is one in which a large

part of the profits each year are saved and put back into the concern. By this method the energetic and capable young man slowly acquires the additional capital he needs for development and brings himself to the front. If now the whole or a large part of his savings is absorbed each year in taxes, he is deprived of the means of enlarging his business. New plant cannot be acquired; additional stock cannot be bought; growth becomes impossible. The capital which the keen, active, enterprising man could use to the utmost advantage in developing trade is taken from him and spent unproductively on one of the manifold activities of the state. In such conditions business must become stagnant, and in this country, where the industrial organization is contrived for expansion and a continually growing production, stagnation means failure.

At the annual meeting of the shareholders of Lloyds Bank, Limited, on February 1, 1922, Sir Richard V. Vassar-Smith, chairman of the board, said in part, on the subject of home trade:

The past year has been very disappointing from the point of view of agriculture. Crops suffered from the prolonged drought, and harvests were unsatisfactory, while the prices of grain and live stock have been steadily on the down grade. As an exam-

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Capital Authorized and Subscribed . . .	\$15,000,000	(£3,000,000)
Capital Paid-up . . .	5,250,000	£1,050,000
Reserve Fund and Undivided Profits . . .	6,138,190	(£1,227,638)

BANKERS:—Bank of England; London Joint City and Midland Bank (Limited)

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Fixed Deposit rates quoted on application.

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NEW YORK AGENCY, 64 WALL STREET

ple, in many cases sheep sold at about half last year's prices. The repeal of the Agriculture Act produced a feeling of uncertainty.

The cotton market in Liverpool has been no exception to the general depression, as Manchester has been buying throughout the year on cautious hand-to-mouth lines.

The dominating feature of the coal trade was the complete cessation of work for three months of the year, when there was witnessed the unparalleled spectacle of Great Britain becoming, for the time being, a coal-importing country. The dire effects of the strike are too well known to call for detailed description. Suffice it to say that it brought practically all industry very near to a complete standstill, and inflicted a blow on the prosperity of the country from which we are still suffering. It was madly conceived, badly conducted, and fatal in its results. It was not until the end of the year that the industry began to show signs of some recovery, when it appeared that the export side was once more finding its way into lost markets. It is satisfactory that output is once again on the upward grade.

Before the coal strike the iron and steel industry was in a very depressed condition, but the staggering blow caused by the stoppage of fuel supplies brought the whole industry to a practical standstill. Foreign competition became keener and keener, continuing long after the resumption of work took place. Prices were cut in order to meet the competition, but in the summer German and Belgian steel makers were offering materials at pounds under the quotations of home makers, and in the autumn, while the home price of iron bars was reduced to about £14, or practically the cost of production, imported bars could be obtained at £8 10s. A better feeling was perceptible at the end of the year, but striking evidence of the depression is afforded by the fact that in December there were only nine furnaces in blast in Scotland as compared with a normal eighty to a hundred.

At the annual ordinary general meeting of the London County Westminster and Parr's Bank Limited, Walter Leaf,

chairman of the board, spoke in part as follows:

Twelve months ago I spoke of the year 1920 as a year of disillusion. What shall I say of 1921? It has been a year of crises, of acute contests, of heavy losses in many directions, of hope deferred; but I think we may fairly claim for it that it has been a year of courage. Facts have been boldly faced, formulæ have been cast aside, principles have been fought out to the end; and in many directions we have good hope that peace is, if not actually won, at least well in sight. Peace is what the world needs more than any other boon. It is perhaps too soon to speak of a general spirit of peace, but it is a great deal that here and there, in regions of the highest importance, we should have won at least a partial peace. We have, I trust, won peace in that region which we can still fitly call by its old name of the Pacific. We hope, too, that peace has been won between England and Ireland; let us trust that it may be followed by peace between the two parts of Ireland itself. And we have won some peace, for the moment at least, in those labor disputes which, to the mind of the social philosopher, twelve months ago presented the gloomiest point of a gloomy horizon. The outstanding event of the year in our internal economy has been the great coal stoppage. That happily ended, not in a complete victory for either side, but in an agreement to set on foot a system of profit-sharing which constitutes, I suppose, the greatest experiment in partnership between capital and labor that the world has yet seen. That system has, I believe, been honestly accepted by both partners with a determination to make it a success. It has been followed by a notable easing of the industrial strain in many other directions; and the labor outlook no longer overshadows all other problems in our own country.

THE BANKING YEAR

For the banks the year has been one of great anxiety, of diminished profits and considerable losses, at home and abroad.

All our own losses, whether realized or anticipated, we have, of course, amply provided for. They have been well within the limits, which, considering the close and intimate connection between the banks and commerce and industry, we may regard as reasonable; indeed, it is not too much to say that a bank which had made no losses during the year would only prove that it had not done its duty in assisting the general cause. For the losses made in industry and commerce have been immense; it is fortunate that they have been on the whole so well borne, thanks mainly to the equally immense profits which were made during the preceding years. There have been no great disasters in Great Britain, and no sign of panic; we have all pulled together in the common interest, and we have good reason to hope that the worst of the storm is weathered.

France

FINANCE AND TRADE

The French Ministry of Foreign Affairs has issued comparative statistics showing the financial burdens borne by France and by Germany, respectively. On a dollar basis these figures show the following results:

	Germany (in 1000 dollars)	France (in 1000 dollars)
Foreign debt	787,250	6,856,000
Internal debt:		
Consolidated	850,250	10,171,000
Floating	2,111,110	7,499,000
	(in dollars)	
Taxes per head.....	13.88	45.62

(The exchange rates used in order to make this comparison were those prevailing during the month of September, 1921.)

According to advices received by the Bankers Trust Company, New York, from its French Information Service, the Ministry's figures make the following comparison between the cost of living in France and in Germany:

	Germany (in dollars)	France (in dollars)
Bread (per kilogram)	0.35	0.82
Coal (per ton)	2.50	9.56
Transportation (1 ton at 1000 kilometers)	6.00	17.85

An increase of 24.5 per cent. in the volume of French exports during the year 1921 compared to 1920, and a decrease of 24.8 per cent. in the volume of imports.

Evidence of France's growing ability to meet her own requirements as well as to improve her shipments abroad is fur-



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BRANCHES:

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West Africa	15	China	1
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The State Bank of the
Portuguese Colonies

BANCO NACIONAL ULTRAMARINO

New York Agency, 93 Liberty St.

Head Office: Lisbon, Portugal

nished by the Customs Administration returns which, comparing 1921 to 1920, show that France decreased her imports of foodstuffs by 34.3 per cent., her imports of manufactured goods by 40.9 per cent., and on the other hand increased by 32.4 per cent. her exports of material for manufacturing purposes.

The following table indicates the changes according to classification of goods:

	1921 (in 1000 metric tons)	1920
Imports		
Foodstuffs	4,066	6,195
Raw material necessary to industry	32,448	41,871
Manufactured goods	1,459	2,465
	37,973	50,531
Exports		
Foodstuffs	1,227	1,258
Raw materials necessary to industry	12,858	9,709
Manufactured goods	1,891	1,865
Parcel post	25	23
	16,001	12,855

Rotterdamsche Bankvereeniging

Rotterdam

Amsterdam

The Hague

Capital and Reserves . f110,000,000

Every description of banking business transacted, including the making of collections, the issuance of travellers' letters of credit and documentary letters of credit, buying and selling of foreign exchange and of stocks and shares.

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Representative for the United States

J. G. van Breda Kolff

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On a money basis, the value of French imports in 1921 only exceeded the value of exports by approximately two billion francs, while in 1920 the excess on the side of imports was thirteen billions.

In its report for the year 1921, the Bank of France presents figures showing that it was instrumental in securing over 108 billion francs in subscriptions (including renewals) for French Government issues during the world war period and up to the end of 1921. Its banking operations for that year amounted to 64,721 million francs, of which 30,080 millions represented transactions in the Department of the Seine, which includes the city of Paris.

During the year the bank increased its gold reserve 24 million francs and its silver reserves 13 millions, the total metallic reserves on December 24, 1921, amounting to 5803 million francs. Its assets abroad were also increased by 6½ million francs. The amount of paper discounted by the bank during 1921

reached a total of 30,798,829,000 francs and loans against securities amounted to 20,776,607,800 francs.

During the war the bank advanced 26 billion francs to the Government, which is now being repaid at the rate of two billions per year.

The Bank of France's report emphasizes that "the reduced production and exchange and the temporary immobilization of stocks momentarily weighed very heavily on the finances of many enterprises.

"It was the bank's duty to help the business world through this crisis and the bank did not fail to do its duty. No matter how intense the crisis became, the bank continued by discounting and re-discounting paper to meet all demands for legitimate amounts of credit. The Bank of France associated itself with the other large private credit establishments in all efforts made by these latter to prevent a serious collapse of the market."

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Italy

BANKING AND INDUSTRY

The Government revenue receipts for December, 1921, amounted to 1,459,000,000 lire in comparison with 1,228,000,000 lire for December, 1920, according to a report from the Department of Commerce at Washington. The receipts for the first six months of the fiscal year 1921-22 were 6,150,000,000 lire as against 4,974,000,000 lire in 1920. The import duties for the six months July to December totaled 304,000,000 lire as against 197,000,000 for the corresponding period in 1920. The increase is due to the higher tariff which went into effect July 1.

The total deposits in the ordinary Italian savings banks show an almost continual increase from June, 1914, to June, 1921, on which date the increase amounted to 250 per cent. The gold reserve of the Banca d'Italia, the principal bank of issue, was 818,000,000 lire on December 10, as compared to

844,000,000 lire on October 31. A corresponding decrease in note circulation from 14,326,000,000 to 13,744,000,000 lire, has taken place during that period. The cash reserves of the three principal commercial banks, the Banca di Sconto not included, amounted to 1,174,000,000 lire on November 30 as compared with 1,013,000,000 lire on October 31. Discounted bills on November 30 were 7,794,000,000 lire as against 7,906,000,000 lire on October 31.

Imports of coal into Italy in December amounted to 711,000 tons, of which 20,000 tons were American. Prices remain firm, varying according to quality. American coal is quoted at 180 lire f. o. b. Genoa. The cotton market is inactive; prices, however, are a little higher. The silk market is active with rising prices. Hemp is showing strength as a result of an increased demand from abroad. Prices for Government wheat remain stationary. Prices for rice remain unchanged. The demand for olive oil is slack, and the price is about 950

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(Registered in London on 17th April, 1903, under the Companies Acts, 1862-1900)

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Bankers : BANK OF ENGLAND. MESSRS. GLYN, MILLS, CURRIE & CO.

A general Banking business with Roumania is conducted, and correspondence from those having interests in that country is invited.

lire per 100 kilos, showing a decline from 1000 lire on January 16.

Germany

FINANCE AND INDUSTRY

The note circulation of the Reichsbank amounted to 115,375,732,000 marks on January 31, 1922, having increased by about 1,700,000,000 during the month, says the Department of Commerce at Washington, summarizing German conditions as of mid-February. The rate of inflation was noticeably less than the average monthly rate for 1921, and comparatively small in view of the December inflation of 13,000,000,000 marks. The loan office notes declined by about 280,000,000 during January, being given as 8,045,500,000 at the end of the month; they have been reduced almost uninterruptedly month by month since January 1, 1921, when they amounted to 12,033,300,000 marks. The Reichbank statement of January 31, 1922, shows discounts of commercial paper of 1,592,416,000 marks as against 1,061,754,000 one month before, and 1,762,894,000 on January 14. The German gold reserve, which fell to 994,000,000 marks in October from the August figure of 1,024,000,000 (it had been steady at 1,092,000,000 since August, 1920), amounted on December 31, 1921, to 995,392,000 marks with a reserve of baser metals equalling 11,612,000.

Coal production in the Ruhr for the first nineteen working days of January reached 5,983,516 tons, and coke pro-

duction during the same period 1,496,235 tons, as against 1,465,377 tons during the first twenty working days of December. Pit head supplies in the Ruhr on January 24 amounted to 541,339 tons of coal as compared with 559,798 on the 24th of December. Coal car shortage in the Ruhr was given as 39,932 for the above period of January, as against 137,733 for the corresponding period of December. The Upper Silesia coal production for twenty-five working days in January amounted to 2,896,809 tons in comparison with 2,786,963 tons in the corresponding period of December. The lignite production figures for central Germany are not available, but are said to show improvement over December. The inland demand for fertilizer is brisk, and potash exports are also good. Pig iron and steel industry continues active, and the machine industry reports sufficient old orders on hand, but few new orders coming in. The cotton textile industry has sufficient orders on hand to maintain its present production rate until May; 85 per cent. of spindles and 75 per cent. of looms are busy; there was a slight improvement at the end of January. Cotton supplies at Bremen on February 3 amounted to 286,956 bales, including shipments on water. The wool industry is steady, reporting increased orders at the end of January, but stocks of raw material are diminishing. The linen industry is active and the silk industry steady, although the latter is meeting serious difficulties in its export market in the form of competition and tariff ob-

The Yokohama Specie Bank, Ltd.

[Yokohama Shokin Ginko]

HEAD OFFICE, YOKOHAMA, JAPAN

Capital Subscribed .

Capital paid up . . .

Reserve Fund



.. Yen 100,000,000

.. Yen 100,000,000

.. Yen 57,000,000

(\$0.50=1 Yen)

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This bank is in a position to render direct banking service through its branches and agencies in connection with commerce between the countries of the Orient and the United States.

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NEW YORK OFFICE

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120 BROADWAY

structions. The tobacco market is dull, and chemicals depressed, except in the domestic sale of pharmaceutical goods. The leather industry is steady and the shoe trade reports sufficient orders. Raw material for industry in general is short, the cost of living is rising and prices must inevitably increase.

Switzerland

THE BUDGET FOR 1922

The budget estimates for 1922 place the total expenditures at 522,070,000 francs and the total receipts at 422,170,000 francs, with an anticipated deficit of 99,900,000 francs. These figures show an improvement over 1921, when expenditures totaled 517,847,000 francs and receipts 384,582,000 francs, leaving a deficit of 133,265,000 francs, according to the Department of Commerce at Washington.

Fifty-seven million francs have been credited in the Swiss budget of 1922 for

electrification of the Federal railways. It is hoped that the electrification of the Bellinzona-Lugano-Chiasso, the Erstfeld-Lucerne, and the Goldau-Zug lines will shortly be completed. The Amsteg power station, of 80,000 horsepower, will be ready to furnish energy about April, 1922, and the Lucerne-Zug-Zurich line will probably be electrified by the end of the year. Together with the St. Gothard, the Sion-Lausanne line is to be electrified, and will be opened in the summer of 1923. The current will be supplied by the 60,000-horsepower Barberine station, which by that time will have been completed.

The following returns covering the export of textile machinery from Switzerland for the first nine months of 1921 and a comparison with the years 1913 and 1920 indicate the rapidity of the growth of this industry. The values are expressed in Swiss francs, which are nominally worth 19.3 cents and which have fluctuated only slightly during recent years.

SWISS EXPORTS OF TEXTILE MACHINERY DURING
1913, 1920 AND FIRST NINE MONTHS OF 1921

	1913	1920	First 9 months, 1921
Textile machinery	Swiss francs (thousands)		
Spinning machines	2,338	10,863	9,438
Looms	4,681	14,641	11,496
Other weaving mach.	2,830	8,166	5,884
Knitting machinery	1,630	7,406	5,293
Embroidering mach.	2,752	11,232	3,205
Total	14,231	52,308	35,316

If the business for the fourth quarter of 1921 was in proportion to that of the first three quarters, the total for the year would reach 47,088,000 francs, a value little short of 1920 and very much above 1913, a fact of great significance in view of all that has been said about the effect of depreciated currencies on export business.

Austria

ECONOMIC CONDITIONS

An agreement providing for extension by the Czechoslovak Government of a credit amounting to 500 million Czechoslovak crowns has been signed and English credit to the amount of two million pounds is practically assured, says a bulletin from the Department of Commerce at Washington. Both may, however, be used largely to refund existing obligations. Prospects for French credits to a total of 55 million francs are reported favorable. Stocks of the four leading banks during January fell 27 per cent. and those of ten leading industrials dropped 16 per cent. The coal reserve, due to the German railway strike and the Czechoslovak mine strike has been diminished greatly. Passenger fares were increased on February 1 by 300 per cent. of the existing rates, and freight rates on the same date were advanced 150 per cent. The German railway strike is causing an acute car shortage. The "Volkswirt" index number for cost of living on the first of February was given as 1444, a considerable advance over December figures. As a result of the increased cost of living the official commission in the two weeks between January 2 and January 14 increased wages by 24 per cent. Official figures covering unemployment of

the city of Vienna on January 14 showed a total of 27,000 unemployed as against 18,000 at the beginning of 1922, and on January 28 the figures of unemployed had again increased to 29,000, which figure included 6000 metal workers, 5000 city employees and 5000 builders. This increase is attributed not so much to discharges as to the fact that many workers who formerly were not registered are now reporting with the object of obtaining food subsidies.

Scandinavia

INDUSTRIAL SITUATION IN SWEDEN

No signs of an improvement have been observable during the last quarter of the year either, and the chief reason is still to be looked for in the unsettled economical conditions of Europe, says a recent bulletin of the Scandinaviska Kreditaktiebolaget, of Stockholm. Encompassed by countries with a greatly depreciated currency, Sweden has been exposed to severe competition on the export and home markets. The conditions are unfavorable for the sale of Swedish products, though possibly an exception should be made at present for the textile and leather industries, which under normal conditions practically fill the requirements of the home market, and which have been tolerably well supplied with orders during the autumn. Competition with foreign countries is compelling all manufacturers to cut down their costs of production, and during the whole year reductions of wages have been the order of the day. During the period December, 1921—January, 1922, there expire collective agreements affecting more than 235,000 workers (as employed under normal conditions). The new agreements proposed by the employers involve reductions of wages ranging from 25 to as much as 60 per cent.

Unemployment is extensive. In the middle of December the number of un-

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Established 1851

Capital and Reserves

M 650,000,000



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*Correspondents
Throughout the World*

Established 1856

NORDDEUTSCHE BANK IN HAMBURG

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Capital and Reserves, M 83,000,000

Established 1848

A. SCHAAFFHAUSEN' SCHER BANKVEREIN A.-G.

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Capital and Reserves, M 130,000,000

BRASILIANISCHE BANK FÜR DEUTSCHLAND

Hamburg — Rio de Janeiro — Sao Paulo — Santos — Porto Alegre — Bahia

BANK FÜR CHILE UND DEUTSCHLAND

Hamburg — Valparaiso — Santiago — Concepcion — Temuco — Valdivia

employed workers was estimated at from 120,000 to 130,000 hands.

TIMBER MARKET

As reported in the previous number of this publication, exporters anticipated that the sales for the year would figure at between 400,000 and 500,000 standards and that thus the stocks in hand next year would not be abnormally large. These expectations have actually been surpassed as the sales for the year were computed in the middle of December at 520,000 standards. The unexpectedly large sales have naturally facilitated the financing of the businesses, besides providing increased accommodation in the timber-yards. The sales prices obtained in September and October have been not a little higher than the bottom prices of August, but have not sufficed to cover the costs of production.

The sales for next season have as yet scarcely commenced, but the exporters seem to be fairly assured of placing not

only their existing stocks, but also the greatly reduced output of the winter months. Sufficient supplies of timber are ready for sawing, whence the cutting of timber will proceed on a very limited scale. The extensive unemployment which will thereby be caused is viewed with anxiety.

PAPER AND WOOD PULP MARKETS

The competition from Germany and Finland, favored by the rates of exchange, has been oppressive and has compelled the Swedish manufacturers to accept prices which have scarcely allowed of any profit. As regards cellulose, however, comparatively large sales have been made to the United States during the last few months at rising prices. The German and Finnish competition has abated somewhat in regard to sulphite cellulose, and contracts have been concluded with Spain and Italy. As in other countries, the drought has compelled the Swedish grinding mills greatly to reduce their production, a

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fact which in conjunction with the increased demand for news print has led to a certain tightening of the market for mechanical wood pulp. The latest sales have, therefore, been made at rising prices.

IRON AND STEEL

On the iron and steel market the situation is more depressing. In this branch sales have also taken place below cost price, e. g., in the case of pig iron, thus resulting in an improvement of the export figures, but in the case of the principal group—iron and steel in malleable form—the exports have continued to be insignificant. The total exports of iron and steel of all kinds during the first ten months of the year have kept at about 50 per cent. below the low export figures of last year, and are equivalent to less than a third of the normal exports. Also the domestic sales have been small owing to reduced purchasing power and to importation. Under these circumstances it is explicable that only 21 of the existing 134 blast

furnaces have been kept running.

The output during the first ten months of the year is shown by the following table:

	January—October 1920	1921
	1000 tons	1000 tons
Pig iron	376,7	274,0
Open-hearth ingots	307,0	132,2
Rolled and hammered iron and steel.....	256,1	95,1

MACHINE INDUSTRY

Competition from foreign countries, first and foremost Germany, in conjunction with the prevailing depression, has considerably aggravated the position of the machine industry. On February 5, 22 workshops had closed down. On October 1 that figure had been increased to 68. In September, 1920, when the output in this branch reached its maximum, the staff of workers employed in the machine industry numbered 60,000. On October 1, 1921, the figure had dwindled to 28,800, a reduction of 52 per cent.



Banking Service in the Far East

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TEXTILE INDUSTRY

In the textile industry there has been quite a decided improvement during the last few months. In the middle of June, 1920, that industry might be said to have been still fully occupied. At that time, or more precisely on June 1, 1920, the mills belonging to the Swedish Textile Industries' Association employed 27,306 workers, with an average working time of 48 hours per worker and week. On October 1, 1921, the corresponding figures were 21,811 and 46. Thus the number of workers at the end of the last quarter was only about 20 per cent. less than the normal. The improvement may also be read in the increased imports of cotton and wool during the autumn.

AGRICULTURE

The harvest has been exceptionally good. The flour mills, having already imported considerable quantities of wheat, continued for a considerable length of time to make only small pur-

chases of wheat in the Swedish market, with the result that the Swedish wheat prices fell considerably below the price of foreign wheat at Swedish ports. Since the flour mills, by agreement with the Government, have engaged to purchase Swedish wheat in a certain proportion, more reasonable prices have begun to be obtainable. The prices paid for agricultural produce must, however, be considered to be too low in proportion to those attained by industrial products. Before an equalization has taken place, more stable prices are not to be expected.

FOREIGN TRADE

During the first ten months of 1920 and 1921 the value of imports and exports attained the following amounts:

	Excess of Imp. Exp. Imp. Million kroner		
January-October, 1921.....	1059	886	173
January-October, 1920.....	2948	1946	1002

The excess of imports for the year was this, on November 1, only 17 per

cent. of the figure for the same period last year, owing to the heavy decrease in imports.

The imports are, however, still important. An investigation has given the result that, if the value of imports and exports is calculated on the prices ruling in 1913, the imports during the three first quarters of 1921 amount to 74 per cent. of the imports during the same period 1913, whereas the corresponding figures for the exports only amount to 46 per cent. That the value of the import surplus is not greater than as stated above is due to the fact that the price level of the imported goods is considerably lower than that of the exported goods.

India

IMPROVEMENT IN BUSINESS CONDITIONS

The foreign trade of India for December was more healthy from India's point of view than that of November, in that the excess of imports for December were only 24,000,000 rupees compared with 64,800,000 rupees for the preceding month. Imports of private merchandise during December were valued at 231,600,000 rupees, compared with 264,000,000 rupees in November, and total exports, including Indian merchandise and re-exports of foreign merchandise, increased to 207,600,000 rupees from the 199,200,000 rupees reported in November, according to the Department of Commerce at Washington.

In many localities, stocks of imported merchandise seem to be fair sized, but with the revival of business these are being steadily absorbed and a greater activity in importations is expected to begin soon. Sugar stocks in Calcutta and Bombay warehouses at the middle of January amounted to about 700,000 bags, as against about 250,000 bags a year ago, practically all Java sugar.

With the exception of last September the value of India's imports each month since May, 1920, have exceeded in value of exports generally by a considerable margin, so any further increase in imports might seem not wholly advanta-

geous except for the fact that the prospect of larger crops in India's principal products over those obtained last year indicates that exports during 1922 will show a substantial increase over those of 1921. While official cotton reports received up to the beginning of December gave an area about 8.5 per cent. less than in the corresponding forecast for 1921, the yield will probably be somewhat larger. The final general memorandum on the indigo crop for 1921-22 estimates the yield at 60,-900 cwt. (112 pounds), an increase of about 48 per cent. over the corresponding estimate for last year's crop. The final general memorandum on the sesamum crop issued the middle of January estimates the yield of such states and provinces as render the government regular reports (74 per cent. of the total sesamum area) as about 450,000 tons. It is probable that the total sesamum yield will be 550,000 tons, compared with 472,000 tons in 1921. The rice crop is enough larger than that of last year to provide an exportable surplus, but no official estimates have yet been issued.

Japan

ECONOMIC CONDITIONS BETTER

The economic situation in Japan during the month ended February 15 showed distinctly favorable elements, according to cabled information received by the Department of Commerce at Washington from Acting Commercial Attaché Butts at Tokio. Bank rates were lower than during the previous month and money was easier. Deflation took place to a considerable extent and the general financial situation improved. The condition of government finance, however, was more unfavorable, and there were reports that the Government contemplated a bond issue amounting to 100,000,000 yen to retire the maturing issue. The improvement in general business conditions, slight as it may be, tends to bear out the prophecies which have become more frequent recently in commercial and financial cir-

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cles that Japan, the first country to experience the full force of the world-wide business depression of 1920 and 1921, may yet be the first country to return to economically sound conditions.

On the other hand, careful observers who still forecast for Japan a more pronounced depression before recovery, are not wanting, for many realize that if the foreign trade continues to show the current large excess of imports it is only a question of time before the Government will be forced to release large amounts of specie, that is, to remove the gold export embargo, which would normally necessitate a reduction of the note issue and a restriction of credits, which in turn would tend to lower price levels.

Chief among the reasons for confidence in Japan's ultimate business recovery are, first, the fact that Japan was the only belligerent nation, aside from the United States, to emerge from the World War with a favorable credit balance, and, second, the significant fact that Japan, alone of the belligerent

countries, again excepting the United States, has been able to maintain its currency on a gold exchange basis. Every European nation had to abandon during the war specie redemption of paper currency upon demand, but Japan was able to maintain a gold exchange standard. Notwithstanding the noticeable reduction in the combined gold holdings of the Japanese Government and the Bank of Japan at the close of 1921, as compared with the beginning of 1921, the gold holdings at no time during the year dropped below 2,000,000,000 yen, but 120,000,000 yen has been transferred from holdings abroad to holdings at home.

Since the middle of January, imports of raw cotton and rice have increased markedly, but imports of petroleum have shown a considerable decrease. Imports of cotton goods and cotton yarns were generally stationary. Notable decreases in the export trade occurred in cotton goods and cotton yarns, but the exportation of raw silks is increasing. The falling off in exports

of raw silk during recent months has played an important part in causing Japan's highly adverse trade balance of the closing months of 1921.

Stocks of lumber, raw cotton, cotton yarn, dyestuffs, wool and rice have increased in the past month, but the market in general is understocked in respect to iron and steel and paper.

The prices for those staple commodities which are imported are ruling somewhat higher than at the same period last month, but export prices of Japanese manufactured products are generally somewhat lower than a month ago. The cost of living has decreased about 2 per cent. during January.

General building and construction work have been especially active.

China

NEW YEAR OUTLOOK GOOD

The Chinese New Year Settlements brought about fewer failures than were anticipated, says a bulletin of the Department of Commerce at Washington. Credits are less difficult to negotiate, bank rates are lower, and money is easier, which, to some extent, is due to the collapse of the speculative exchanges in Shanghai and to the gradual readjustment of the situation of the government banks with restoration of confidence in these institutions and the resumption of specie payment by the Bank of Communications.

The bank buying rate for \$1 gold increased to \$1.91 Mexican on February 16, from \$1.80 Mexican on January 13, and compares with \$2.13 Mexican a year ago. The telegraphic transfer rate on New York was \$0.725 gold for the Shanghai tael on February 16, compared with \$0.765 gold on January 13.

The silver stocks in Shanghai banks on February 16 were equivalent to \$68,000,000 Mexican, a gain of \$6,000,000 Mexican over the stocks on January 13, 1922, and compare with \$90,000,000 Mexican on February 7, 1921. At the beginning of 1921, the silver stocks in Shanghai banks were \$77,000,000 Mexican, and by July 1 had decreased

to \$70,000,000 Mexican since the beginning of the year.

Since the London-New York cross-rate of exchange advanced to more than \$4 gold, the American manufacturer has been able to compete with British and Continental concerns on a price basis. This factor, in addition to the expeditious deliveries made by American manufacturers, caused a distinct improvement in the import trade of China in American goods, such as wire nails, gas pipe, black sheets, galvanized sheets, and especially electrical machinery, hardware, and Oregon pine, which was arriving at Shanghai at the rate of 7,000,000 board feet per month. The steel products market in mid-February was rather quiet, though there was some demand for tin plates and gas pipe.

COTTON IMPORTS

During 1921, 450,000 bales of cotton were imported at the port of Shanghai. Hankow import trade returns for 1921 compared favorably with those of 1920, showing an increase in the importations of gray cotton piece-goods, wool goods, iron and mild steel bars, rods and angles, black sheets, tin plates, aniline dyes, machinery and kerosene oil. Copper imports increased from 5,000,000 pounds in 1920 to 32,000,000 pounds in 1921.

Declared exports from China to the United States in 1921 were valued at \$132,000,000 gold, compared with \$259,000,000 gold in 1920. One million goatskins were exported through Hankow during the four months ended January 31, 1922, and they are in active demand, with promises of abnormally high prices this year. The exportation of hair nets from China exceeded all records in 1921 and may set a new record for 1922. According to telegraphic advices from Hongkong, exports from that port to the United States for the quarter ended December 31, 1921, totaled \$2,112,546 gold, compared with \$3,978,343 gold for the same period of 1920.

RECORD BUILDING OPERATIONS

The calendar year 1921 established a new record in volume and value of

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building operations in China. House construction of Shanghai exceeded the previous high mark of 1920, with 5344 buildings constructed at an approximate cost of \$17,000,000 gold in 1921, compared to 3542 buildings constructed at an approximate cost of \$13,000,000 gold in 1920, one-third of the value being represented by foreign investments. Consul Douglas Jenkins, at Harbin, states that in 1921 the Harbin city government issued 400 building permits, covering residences, office buildings and various other structures. It is estimated that during the calendar year 1921 Shanghai, Harbin and several other cities carried on building operations totaling probably \$50,000,000 gold.

Argentina

THE GENERAL SITUATION

The favorable weather which prevailed during the spring, says the current bulletin of Ernesto Tornquist and Company, Limited, Buenos Aires,

caused the growing crops to develop in a most satisfactory manner. Pastures are in excellent condition. There is a certain amount of activity in the wool market, with prices sustained and exports of the article are being effected in normal proportions. Banking business is slack; money is still plentiful and the exchanges have been more stationary. Public bonds find a ready market, at firmer prices. The importance of the petroleum fields of the country is becoming ever more apparent and their working makes good progress. The labor situation has been satisfactory. Labor is readily obtainable under mutually remunerative conditions.

On the other hand, it appears that harvesting has been prejudiced to a slight extent by too abundant rainfall. Exports of cereals have been effected very slowly, except in the case of linseed. Failures continue to be on a heavy scale, and economic and commercial activities are still in rather a stagnant state. The fifty million dollar loan did not substantially improve exchange on

New York. The meat market is depressed and prices have fallen to an extraordinary degree. The meat export trade is dull.

FINANCE

The last official figures on national finances published to date are as follows:

CONSOLIDATED DEBT CIRCULATION AT DECEMBER 31, 1918 AND 1919

	1918	1919
	Paper	Paper
Internal debt—pa- per currency	\$219,059,300	\$214,239,700
Gold		
Equivalent to	\$ 96,386,100	\$ 94,265,500
Internal debt— gold currency	199,010,600	196,215,100
External debt— gold currency	282,828,300	275,027,700
Totals	\$578,225,000	\$565,508,300

In the year 1920 the following bonds were issued: Internal debt, \$20,500,000 paper; Credito Argentino Interno 5 per cent.; Law 11.027—3rd series.—Year 1920.

The amortization services have been effected with the utmost regularity.

Nothing was done during the year 1921 towards consolidating the floating debt, the project to that end submitted by the Government not having been dealt with by the Chamber of Deputies.

The proceeds of the loan of \$50,000,000 contracted last September have been utilized by the Government to cancel the advance of approximately the same amount which it had received from the "Banco de la Nación Argentina" in January, 1921. This debt had its origin in the Baring-Morgan loan which the Argentine Government paid off on May 15, 1920, by means of a loan from the British Government which latter, in turn, was repaid through the advance from the "Banco de la Nación." This component part of the floating debt has thus been converted once more into external debt.

The local loans raised by the Government by discounting treasury bills at 180 days sight continue to be renewed with ease at from $5\frac{1}{2}$ to 6 per cent. per annum. The total amount of these loans at July 31 last was \$299,120,000

paper and the amount today is believed to be about the same.

The National Government continues to meet the services of the public debt punctually.

During its forthcoming extraordinary sessions Congress will have to discuss the budget law and the tax laws projects for the year 1922.

Although precise figures are not yet available, it is known that the budget committee intends to recommend to the Chamber of Deputies an increase in expenditure and at the same time the creation of fairly heavy new taxes, including one on incomes, in order to avoid the occurrence of another deficit.

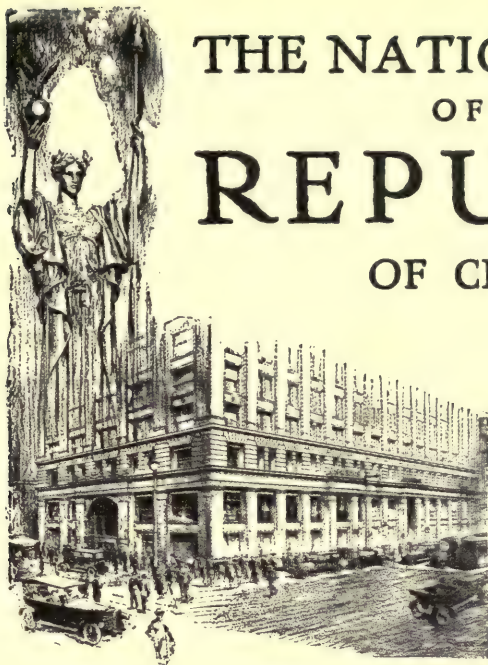
WOOL

During the past few months our wool market has been fairly active and exports of the article have been on a satisfactory scale. The large stocks of wool that had accumulated from 1920 on to the new clip have practically all been liquidated. The new clip, it is estimated, will give a yield of 20 per cent. below normal owing to the heavy decline in the stock of sheep. The stock of wool held at our central produce market, which at the end of September last was barely 9,000,000 kilos, is about 17,500,000 kilos at the end of the year, as compared with 20,200,000 at the end of December, 1920.

As the demand for export continues to be fairly well maintained, prices are sustained and have even become firmer for certain qualities, especially fine wools, although still far below prices of former years.

The urgent necessity of Germany to provide herself with raw materials for her industries has been a favorable factor in our wool exports. Germany has now become again our principal customer for wool. The customs restrictions maintained in the United States have not had any serious effect on our wool trade, as the principal consuming market for our production of the article is, and has always been, the Continent of Europe.

Wool exports, classified according to destinations during the first three months (October 1 to December 31,



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1921) of the current wool-year, compared with the figures for like periods in previous years, were as follows:

Destination	1918-19	1919-20	1920-21	'21-22
United States.....	15,200	10,780	8,230	1,870
France	7,400	990	490	500
Great Britain.....	.....	5,600	1,500	8,790
Italy	800	2,290	.....	2,670
Holland .....	.....	2,960	.....	.....
Belgium .....	.....	20,230	4,480	14,590
Spain	540	180	.....	120
Germany .....	.....	5,730	5,560	13,880
Other destinations	1,030	690	240	260
Tot. 3 mos.....	24,970	49,450	20,550	42,680
Tot. for the whole wool-year	118,890	126,830	132,250	.....

MEAT

The favorable spring weather has, generally speaking, brought pastoral lands into a satisfactory state, although there are districts still quite bare of pasture. Cattle, in consequence, are in first-class condition, and there will be no difficulties in the way of fattening. Constant offerings of fat stock, and the necessity which "estancieros" find themselves in of selling, have brought about

a heavy fall in prices, to such a point that not more than 22 cents paper is now being paid per pound of chilled beef—a price which has profoundly affected the cattle industry of the whole republic.

The falling off in beef exports, registered during recent months, has been made up by increased shipments of mutton and lamb. The decrease in beef exports is due to the smaller demand in the principal market—England; owing to it, prices have dropped considerably.

Exports of frozen and chilled meat during 1921, as compared with previous years, were as follows:

Year	Frozen sheep and lamb carcasses	Quarters of frozen beef	Quarters of chilled beef
Year 1921:			
1st quarter.....	873,500	1,294,500	304,900
2nd quarter.....	653,300	659,700	463,700
3rd quarter.....	598,600	483,600	768,600
4th quarter.....	320,800	528,900	610,800
Year			
1921	2,446,200	2,966,700	1,864,100
1920	1,726,100	4,522,400	665,000
1918	1,610,200	6,215,400	21,000
1915	1,876,900	3,259,200	1,109,700
1910	843,700	1,291,000	1,608,600
1905	3,325,100	1,496,800	426,000
1900	2,385,200	265,000

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International Banking Notes

The annual report of the London County Westminster and Parr's Bank, Limited, for the year ended December 31, 1921, shows that, after paying interest to customers and all charges, making provision for bad and doubtful debts, allowing £486,985 3s. 11d. for rebate on bills not due, the net profit amounts to £2,167,846 1s. 7d., which with £460,914 9s. 5d., the balance brought forward from 1920, leaves available the sum of £2,628,760 11s.

This amount has been appropriated as follows:

To interim dividend of 10 per cent. (less income tax) paid in August last on £20 shares (£5 paid up)	£494,969	6s.
Interim dividend of 6½ per cent. (less income tax) paid in August last on £1 shares	84,556	17s.
a further dividend of 10 per cent. (less income tax), making 20 per cent. for year on £20 shares (£5 paid up)	494,969	6s.
a further dividend of 6½ per cent. on £1 shares (less income tax), making 12½ per cent. for the year	84,556	17s.
To bank premises account	250,000	0s.
To rebuilding account	200,000	0s.
To contingent fund	500,000	0s.
Balance carried forward	519,708	5s.

Branches of the bank have been opened at Acton Park; Barrow-in-Furness; Birchington-on-Sea; Blackfriars; Cheshunt; East Grinstead; Hanley; Heathfield, Sussex; Lincacre Road, Litherland; Mayfield, Sussex; New Barnet; New Malden; Newcastle-on-Tyne; Old Hall Street, Liverpool; Shaftesbury Avenue; Sheffield; South Croydon; Southampton (66, London Road); Southampton Docks; Swanage; Temple Fortune; Twickenham; Waltham Cross; and Yarmouth.

The sixty-eighth annual report of the Kajima Bank, Limited, Osaka, Japan, showed a gross profit for the half year ended December 31, 1921, of Y. 6,343,894.36. The net

profit of Y. 1,704,459.51 was distributed as follows:

To legal and special reserve fund	Y. 400,000.00
dividends at 10 per cent. per annum	755,000.00
remuneration to directors and auditors	50,000.00
pension fund	50,000.00
Balance of profit carried to next half year	449,459.51

The bank has a paid up capital of Y. 15,-100,000, a reserve fund of Y. 3,400,000, and deposits of Y. 153,461,576.82.

Operations of the French savings banks for the fiscal year 1921 show an excess of deposits over withdrawals of 832,000,000 francs. This is a marked improvement over the results for 1920, which showed an excess in deposits of 645,000,000 francs, and also over the position in 1913, when withdrawals exceeded deposits by 68,000,000 francs.

The following figures, received by the Bankers Trust Company of New York from its French information service, show the excess of deposits over withdrawals for each month during the years 1920 and 1921:

	1920 (In thousand francs)	1921
January	87,321	98,188
February	165,798	183,162
March	69,230	111,452
April	30,091	66,217
May	25,881	65,358
June	44,681	44,683
July	68,042	52,329
August	86,143	71,923
September	46,405	67,655
October	17,083	33,434
November	*7,295	*461
December	12,120	38,422
	645,500	832,372

* Minus.

Italian government revenues during the month of January totaled 909,000,000 lire, which is an increase of 59,134,000 over the same period of 1921, according to cabled advice to the Department of Commerce at Washington. The business failures for January were 237, showing a decrease of six

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SUBSCRIBED CAPITAL	-	-	-	-	-	15,000,000
PAID-UP CAPITAL	-	-	-	-	-	10,200,000
RESERVE FUND	-	-	-	-	-	10,500,000

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over the preceding month and an increase of 164 over January, 1921.

cial American agent for the Lyons International Fair.

The report of the Union Bank of Switzerland for the year ended December 31, 1921, shows a net profit of Fr. 6,815,242,38, which has been distributed as follows:

	Francs
To payment of dividend of 8 per cent. on capital shares of Fr. 70,000.00	5,600,000.00
reserve fund	500,000.00
pension fund	250,000.00
board of directors and local committees	331,011.20
Carried forward to new account	134,231.18

Announcement of the opening of three new offices in Europe and Asia has been made by the American Express Company. All of these offices are able to handle all phases of that company's business.

R. H. Faivre, formerly import freight agent at Paris, is in charge of the new office at Lyons. Olaf Lind is acting manager of the newly opened office at Jerusalem, and A. H. Baker is in charge of the office at Calcutta, Ind.

Mr. Faivre announced that the American Express Company had been appointed offi-

The *British Labor Gazette*, calculating the average cost of living on the basis of requirements of a working-class family and reckoning July, 1914, as 100, calculates the average of January 1, 1922, as 192, comparing with 199 on December 1 last year, with 269 on December 1, 1920, and with 276 in November, 1920, when the high level of the whole war and after-war period was reached. It is stated that the percentage at the beginning of the present year is the lowest on the record since March, 1918.

A table of average values of stocks and bonds on the Swiss Exchanges at the end of each month since the war shows that in 1921 average values of stocks had fallen to 69.80, as against a high point of 106.97 in 1920 and 179.23 in July, 1914. The low average occurred at the end of last December.

Of bonds, however, the average reached 73.92 at the end of September, 1921, and closed the year at 71.26, whereas the highest level of 1920 at the end of any month was

66.60 in January and the lowest 58.28 at the end of November. In July, 1914, the average of bond prices was 90.85.

The Moscow newspaper *Izvestia* reports a plan to expropriate the gold of the Russian Church. It declares that there are four monasteries, the chief of which is Sergeevski, near Moscow, which contain 1000 kilograms of gold and silver; 600 other rich monasteries and convents; 60,000 cathedrals and churches, all of which have ikons and shrines of gold, often set with precious stones. It asserts that many have gold shrines weighing thirty pounds, some monasteries having ten such shrines. The gold in all the Russian churches is variously estimated at \$400,000,000 to \$700,000,000. The Patriarch Tikhon offers voluntarily to surrender all treasures which are without religious significance.

Meetings have been arranged to elaborate proposals for the establishment of the central international corporation proposed at Cannes. Sir Drummond Fraser, organizer of the Ter Meulen scheme, urges that this scheme is superior to that of a corporation backed by subscribed capital, and that no new machinery is necessary to get the accommodation required for long-term credits applied to productive uses.

Great Britain's exports and imports of gold during the month of January are officially reported as follows by Great Britain's Board of Trade:

	Imports	Exports
Sweden		£7,313
Netherlands		2,384
Switzerland		329,000
West Africa	£77,775	1,274
United States		2,472,574
Central America and West Indies		3,768
Rhodesia		150,152
Transvaal	3,218,434	60
British India	122,794	866,258
Straits Settlements		2,287
Other countries		3,078
Total	£3,578,448	£3,836,457

A paper submitted to the French Chamber of Deputies in connection with the budget contains the following estimate of the amount paid out by the French Government up to the close of 1921, on account of the damage done by Germany in the invaded districts. Payments made on account of reparation of damage to property are stated at 45,000,000,000 francs; payments on account of damage to persons at 29,000,000,-

000 francs; interest on sums borrowed for recoverable expenditure, 6,000,000,000 francs, giving a total of 80,000,000,000 francs.

The provisional estimate of Germany's foreign trade in January shows an export surplus of 1,800,000,000 marks, against 766,000,000 in December. These have been the first two months since the armistice to yield an export surplus. As late as last September the import surplus was 5,159,000,000 marks, and the import excess during the four months ending with October amounted to \$13,465,000,000.

A comparative statement of the Bank of France in the middle of January during a series of years shows that loans by the bank to the Government amounted at that date this year to 24,000,000,000 francs, comparing with 26,200,000,000 at the same date of 1921, with 25,800,000,000 in 1920, with 18,950,000,000 in 1919 and with 200,000,000 at the end of July, 1914.

The French Government's official estimate on the harvests of France last year, published during January, makes the following comparisons of yield for the principal crops for the years 1921, 1920 and 1913. The figures are in metric quintals, substantially equivalent to an English hundredweight:

	1921	1920	1913
Wheat	87,843,000	64,482,000	86,919,000
Rye	11,302,000	8,761,000	12,714,000
Barley	3,230,000	8,356,000	10,437,000
Oats	35,591,000	42,297,000	51,826,000
Corn	3,099,000	3,878,000	5,430,000
Potatoes	82,247,000	116,377,000	125,859,000

The report points out that for the years 1921 and 1920 the figures include the yield of Alsace and Lorraine, and that for 1921 the totals given are as yet only approximate. Emphasis is laid on the very abundant yield of the wheat harvest.

Summarizing the actual increase of the French public debt during the war, the *Economiste Européen* shows that the funded debt rose between August 1, 1914, and December 31, 1918, from 26,096,000,000 francs to 61,532,000,000, and the short term floating debt from 1,608,000,000 to 62,262,000,000. The increase of the interior debt, therefore, was from 27,704,000,000 to 123,794,000,000, an addition of 96,090,000,000 to the interior obligations.

In addition there was outstanding at the



*"The Swedish Bank
of Commerce"*

Svenska Handelsbanken STOCKHOLM

Cable Address "Handelsbank"

Own Funds: Kr. 181,000,000

close of 1918 an external debt of 27,328,000,000 francs, which did not exist at all in 1914; of these foreign obligations 13,612,000,000 being classed as bonds with fixed maturity and 13,716,000,000 as external floating debt. Summed up, the total public debt at the end of 1917 was 151,122,000,000, representing an increase over 1914 of 123,418,000,000, or about 440 per cent.



In connection with the labor disputes in the South African gold fields, the Transvaal Chamber of Mines has issued a statement showing changes in working costs between 1914 and 1920. Actual cost per fine ounce recovered rose from 54s. 10d. per ounce in 1914 to 77s. 6d. in 1920, an increase of 22s. 8d. Costs per ton milled increased from 17s. 1d. to 25s. 8d., an increase of 8s. 7d. Salaries and wages paid to European employees showed increase of 58.4 per cent., wages paid to native and colored employees an increase of 12.2 per cent.

Along with this, the number of tons milled in the year per European employee decreased from 1205 in 1914 to 1079 in 1920, a loss in efficiency of 126 tons, or a little more than 10 per cent. The Chamber calculates that among the white miners as a

whole the 1920 wages were more than 50 per cent. above the 1914 average, whereas the increase in cost of living had been barely 20 per cent. in the Transvaal.



Kenji Kodama and Raitaro Ichinomiya have been appointed respectively president and vice-president of the Yokohama Specie Bank. M. Kodama is a director of the bank and former manager of its Shanghai branch. M. Ichinomiya attended the Chinese consortium meeting in New York in October, 1920.



The death of Samuel Birmingham Murray, senior managing director of the London Joint City and Midland Bank, became known in New York recently through letters received by concerns doing business with the bank. Mr. Murray died of a heart attack at Mentone on February 15.

Mr. Murray joined the Birmingham and Midland, the predecessor of the London Joint City and Midland, in 1889. In 1894 he was appointed chief inspector of the bank. Three years later he became an assistant general manager, and in 1898, when the present bank was formed by amalgama-

tion with the City Bank, he became joint general manager. He played an important role in the numerous banking amalgamations associated with the name of the late Sir Edward Holden, and in 1919, on Sir Edward's death, Mr. Murray became joint managing director.

◎

The statement of condition of the Bank of Finland, Helsingfors, for the year ended December 23, 1921, showed total assets of Fmk. (Finnish marks) 1,908,500,000, capital of Fmk. 100,000,000 and a reserve fund of Fmk. 17,700,000. The net profit for the year was Fmk. 119,874,609.

◎

The Imperial Ottoman Bank, Constantinople, announces the opening of sub-agencies at Ramallah, Palestine, and at Hamadan, Persia. The bank now has its own branches or agents in every important town in the Near East, and is associated with the Bank of Roumania, Ltd., Banque de Syria and Banque Franco-Serbe. The present capital of the bank is £10,000,000, of which £5,000,000 is paid up. A full list of branches of the bank may be obtained on application to Brown Brothers and Co., New York.

◎

The statement of condition of the Union Bank of Switzerland, Zurich, for the year ended December 31, 1921, showed a net profit of Fr. 6,815,242. The total assets were Fr. 551,567,912; capital, Fr. 70,000,000, and reserve fund, Fr. 16,000,000.

◎

The statement of condition of Bergens Bank, Limited, Bergen, Norway, for the year ended December 28, 1921, showed a net profit of Kr. 4,943,019, total assets of Kr. 493,160,035, capital fully paid of Kr. 30,000,000, and a total reserve fund of Kr. 38,000,000.

◎

Arthur Zentler, executive delegate of the New York agency of the Banca Marmorosch, Blank & Co. of Bucharest, Roumania, states that for the year 1921, on a paid up capital of 125,000,000 lei and 150,000,000 lei reserve, the bank showed a profit of 43,732,055 lei, which, with 14,606,042 lei profit carried over from 1920, gives a net profit for 1921 of 58,338,097 lei, as against 51,567,578 lei net profit for 1920.

The bank, after paying 20 per cent. dividend on the par value of the capital stock,

increased its reserve fund with 10,000,000 lei, its pension fund with 2,000,000 lei, carrying over 17,608,552 lei for the year 1922, the total reserves now being 177,608,552 lei.

The steady and sound liquidation of merchandise on which the bank had made advances is seen in the fact that on December 31, 1920, these advances amounted to 449,237,662 lei, while on December 31, 1921, they were reduced to 258,404,797 lei.

To the Aerial Transportation Line, "Compagnie Franco-Roumaine de Navigation Aerienne," created by our bank for the purpose of conducting a regular air service, Paris-Bucharest-Constantinople, the French Parliament, upon the proposal of the French Government, voted a subvention of 15,500,000 French francs. This aerial line at present circulates between Paris, Strasbourg, Prague and Warsaw, and has already made one successful experimental trip from Paris to Bucharest.

The entire turn-over (clearings) of the bank for the year 1921 was of 134,900,000,000 lei, as against 92,156,000,000 lei in 1920, 27,300,000,000 lei in 1919, 4,357,700,000 lei in 1916, the year Roumania entered the World War, and 3,533,000,000 lei in 1913.

◎

The statement of condition of the Credit Commercial de France, Paris, for the year ended December 31, 1921, shows total resources of Fr. 1,538,327,163, of which Fr. 965,125,793 are quick assets, a ratio of over 97 per cent. to quick liabilities. The profits of the bank for the year were Fr. 12,528,372; total deposits, Fr. 300,669,875. The bank has a capital of Fr. 120,000,000, and total surplus, including legal, special and extraordinary reserve funds, of Fr. 29,462,510.

◎

The Berliner Handelsgesellschaft, one of the most prominent banks in Germany, in its annual financial statement shows 40,000,000 marks placed to reserve. The dividend is increased from 12½ to 16 per cent.

◎

The report of the French savings bank organizations for 1921 shows that during the last calendar year deposits exceeded withdrawals by 800,000,000 francs. This figure has only once before in the history of the French savings bank institutions been exceeded.

In 1919, the excess of deposits was 954,000,000. In other recent years they fell as far short of the 1921 total as the 610,000,000 in 1920, the 311,000,000 in 1918 and the 142,000,000 in 1917.

Park-Union Absorbed by Asia Banking Corporation

DIRECTORS of the Park-Union Foreign Banking Corporation, 56 Wall Street, New York, owned jointly by the National Park Bank of New York, and the Union Bank of Canada, announced on March 14 that after April 1 the corporation's business would be conducted at the offices of the Asia Banking Corporation, 35 Broadway. At the same time it was announced that some of the officers of the Park-Union Foreign Banking Corporation have joined the Asia Banking Corporation. Charles A. Holder was elected president, T. Fred Aspden and Irving Scott vice-presidents, and E. B. MacKenzie secretary of the Asia Banking Corporation. Charles H. Sabin, formerly president, was elected chairman of the board of directors and Charles A. Holder and T. Fred Aspden directors.

The formal announcement said: "Mr. Holder and Mr. Aspden will, for the present, remain officers of the Park-Union and direct its affairs. The Park-Union, feeling that the foreign field is limited under present business conditions, intends to withdraw gradually from its activities under the above arrangement. The Asia Banking Corporation, with its management strengthened by the new officers, will continue to offer its services to the public in the Far Eastern banking field, and especially invites the business of the customers of the Park-Union."

The capital of the Park-Union was \$4,000,000, and its surplus and undivided profits \$625,411. On June 30, 1921, the last statement issued, loans and bills purchased were \$7,887,800 and customers' liabilities for acceptances were \$6,372,693. Liabilities due to banks and correspondents were \$1,939,778; due to individuals, \$4,750,000, with acceptances, \$6,804,784.

The main office of the Asia Banking Corporation is at 35 Broadway, New York, with the head office in the Far East at Shanghai, and branches at Hankow, Peking, Tientsin, Hongkong, Manila, Canton and Changsha.

The bank is also correspondent in the

Far East for the Alliance Bank of Simla and for Tata Industrial Bank of India, which has offices in Bombay, Calcutta, Lucknow, Cawnpore, Madras, Hyderabad (Deccan), and Rangoon.

Charles A. Holder, president of the Park-Union Foreign Banking Corporation, and the newly elected president of the Asia Banking Corporation, was born

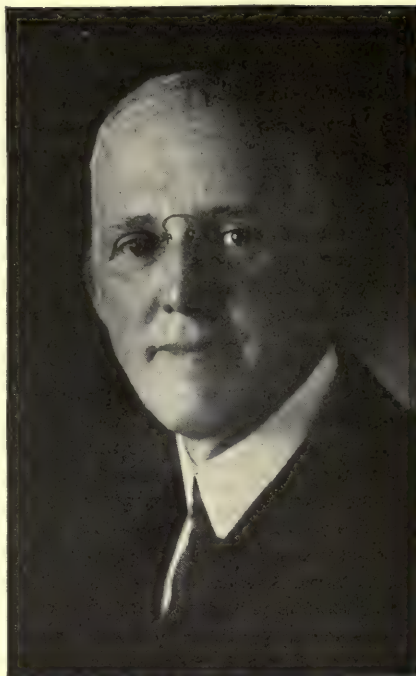


CHARLES H. SABIN
Chairman of the board Asia Banking Corporation

in New York City. He was for nine years a member of the Consular service, for which he forsook the practice of his profession of medicine. As a result of his wide experience as a consular officer he has a clear insight into international trade affairs, having served successively as United States Consul at Rouen, France; Consul-General at Christiania, Norway; Consul at Cologne, Germany, and Vice-Consul-General at London. His activities during eight years as a consular representative



CHARLES A. HOLDER
President Asia Banking Corporation



T. FRED ASPDEN
Vice-President Asia Banking Corporation

of the United States had much to do with the solving of international trade problems. While vice-consul-general at London during 1914, the first year of the war, his success in solving the complexities of European trade at that time caused his recall to the United States and his assignment as foreign trade adviser to the state department. During his incumbency of that office, Mr. Holder was instrumental in unraveling many of the complications between American business men and the British Government, and succeeded in obtaining the release of vast quantities of shipping consigned to American importers which had been tied up in the various European ports as a result of the order in council. He resigned as foreign trade adviser July 1, 1916, to become vice-president of G. Amsinck and Company, of New York, and severed his connections with this company in February, 1920, to take active charge of the Park-Union Foreign Banking Corporation.

T. Fred Aspden, vice-president of the Park-Union Foreign Banking Cor-

poration, and now also vice-president of the Asia Banking Corporation, was formerly a vice-president of the American Foreign Banking Corporation of New York. Mr. Aspden has devoted a great deal of time to the study and development of business with foreign countries and is also considered a specialist in this line. He is a native of Manchester, England. He entered the employ of the Merchants Bank of Canada, London, Ont., in 1881, where he remained until 1888. From then until 1904 he was with the First National Bank of Chicago, and then engaged in special work for the Canadian Bank of Commerce, traveling in connection with foreign business on the European continent. He was supervisor of the Canadian Bank of Commerce, looking after foreign accounts and international relations, until July, 1917, when he became vice-president of the American Foreign Banking Corporation, New York, resigning this position to become vice-president of the Park-Union Foreign Banking Corporation.

Foreign Trade Convention to Concentrate on Practical Plans

WAYS of developing foreign markets for American goods, setting idle industrial plants to work, and idle ships in motion, thus ending unemployment and business stagnation in the United States, are the concrete problems to be discussed at the Ninth National Foreign Trade Convention in Philadelphia, May 10, 11 and 12, when the best business brains and experience of the nation will concentrate on these questions.

The Federal Government will be represented through the Department of Commerce. Whether Secretary Hoover will be present is uncertain, but the department will have a large number of its best executives and experts at the convention. Many of these will come direct from their posts abroad, and thus will be able to give up-to-the-minute and first hand information on foreign trade matters.

Governors of a large number of states, recognizing the important effect the convention is certain to have upon the industry and commerce of their communities, will be present or represented. Governor W. C. Sproul, of Pennsylvania, will be one of the speakers at the banquet which closes the convention.

Every delegate will have the benefit of personal advice on his own problems from more than one hundred foreign trade advisers who will be present. This has been one of the most important features of previous National Foreign Trade Conventions. This service is free and given by hard-headed, practical men with long experience in every angle of foreign trade. Theorists and faddists have no place on the convention program.

Presentation of practical subjects by practical men is a feature of this convention, which will appeal to everyone. Between four and five thousand delegates, representing the industrial, agricultural, commercial, financial and shipping interests of the nation, are expected. They will not listen to long

essays with rounded periods, but to plain talks by men of achievement on how to bring prosperity back to the United States.

"Financing and Expanding Foreign Trade" is the basic theme of the convention. "Greater Prosperity Through Greater Foreign Trade" is the slogan sounded by James A. Farrell, president of the United States Steel Corporation, in his call for the convention.

The big problem before the convention is how to sell abroad the estimated twenty per cent. surplus of American production over domestic consumption. It is pointed out that the sale of this twenty per cent. spells the difference between prosperity for the American farmer, manufacturer, shipper and worker, and business stagnation and unemployment.

As one of the practical means of financing foreign trade insistence will be made on the incorporation in all foreign loans hereafter negotiated in this country of an absolute condition that all or a large part of the proceeds be spent here for American goods, thus aiding American production and ending or minimizing idleness of plants, ships and workers.

Another method of providing means to finance foreign trade that will be stressed is the employment of the huge gold surplus accumulated in the United States as a result of the World War. This will be discussed under the title of "A Practical Method of Putting Our Surplus Gold to Work in Financing Foreign Trade." The direct importance of this policy to general farm products, cotton, manufactures and the foreign trade of the nation will be pointed out.

One of the general sessions will be devoted to taxation and currency questions. "The Effect of High Taxation on the Exchanges," "The Factor of Depreciated Currency in Competition" and "Why We Must Have Foreign Trade" are the subjects.



The Good Old Days

GRANDFATHER says the "good old days" were better than the present, and that men and women then were stronger physically and on a higher intellectual plane.

Don't be alarmed. It's only human nature kidding us again. The only men who were ever justified in longing for the "good old days" were Adam and Noah.

Just as surely as one brick laid on another advances the construction of a skyscraper, Progress furthers the betterment of humanity year after year. Because we Americans are not playing scalp tag with wild Indians, feasting on corn-bread and bear meat, sporting homespun clothing and dancing the minuet is no reason why even Grandfather should carry his face in a sling and pine for the "good old days."

Do you suppose the clerks who went from New York offices to clear the Argonne Forest were less substantial than Ethan Allen's Green Mountain Boys?

Is the western farmer degenerating because he travels in a high-

power automobile instead of on a cantankerous bronc?

Progress moves on wheels—not hoofs, today; tomorrow it will take to wings.

Next year will find the world miles ahead of this year. It will find men getting more enjoyment out of life, building more for the future, imbued with higher ideals. Where there is Progress, this is inevitable.

Experience is the only asset to the financial publicist gleaned from the "good old days." Only for reference to hundreds of past achievements do we, the oldest and most experienced group of specialists in service to bankers, turn back the calendar.

The Collins Service

The Recognized Standard of Financial Advertising

Philadelphia, Pa.

Banking Publicity

Special Section of The Bankers Magazine

APRIL 1922

Cultivate Old as Well as New Customers

An Interview with Alfred C. Flather, Assistant to the President American Security and Trust Company, Washington, D. C.

THE proportions to which large city banks and trust companies have grown have made it impossible for the various officers of such institutions to greet any very large number of the depositors by name and keep in mind facts concerning the business dealings of each and every one. But such knowledge is essential because it is now realized that growth brought about by extraordinary conditions cannot continue, or a fair proportion of it be held, unless means are provided to develop business already on the books in addition to obtaining business on the outside. That is why the new business department of the American Security and Trust Company of Washington, D. C., has adopted the slogan, "Cultivate the Old as well as the New!"

In an interview with a representative of this publication Alfred C. Flather, assistant to the president of that well known institution gave some interesting facts concerning the aims, purposes and methods of the company's business development department.

"I can express the primary purpose of the new business department," said Mr. Flather, "no better than in the words of F. D. MacGregor in his book on 'The New Business Department,' as follows:

"The primary purpose of the new business department is the extension of business in every department of the bank, to promote its growth and prestige by every approved method, assist in maintaining the esprit de corps, loyalty and efficiency of

its working force, so that customers, as well as the world at large may be fittingly served, and the good will of the institution increased."

The term "new business" should not convey the meaning merely of new customers on the records of the bank, but of increased business among present customers as well. The banker, like the farmer, can no longer afford to scatter his seed broadcast, and sit and wait for the crop; he must work for the maximum yield from the acreage already under cultivation, rather than spend much time pulling stumps on new land.

The central file Mr. Flather regards as the heart of the new business department of the American Security. The central file card contains a complete history of the dealings of each customer with the institution, showing the various departments with which he is dealing, and containing valuable information and data with regard to his relation to the bank, as a prospect for business in other departments.

From this card system, the new business department derives a negative and a positive use. The negative use is the building up of balances and the eliminating of unprofitable accounts. The positive and constructive use of the file is the revelation of the possibilities of

(Continued on page 709)



Keep Going

Establishing a business is only part of the job—it must be *kept going*. That means leadership. February is dedicated by Americans to the leadership of Washington and Lincoln. Today we are called on for the highest type of business leadership. Our men and our money must respond with 100% service. The progressive Wisconsin district is mobilized for a great year. Business contacts with its industries will prove mutually profitable. These can best be established through the First Wisconsin

**FIRST WISCONSIN
NATIONAL BANK
Milwaukee**

Forward 1922

This bank sees a good application to the copy here of a slogan combining sound optimism with a practical business value

Banking Publicity

Monthly Publicity Section

THE BANKERS MAGAZINE

253 Broadway, New York

APRIL 1922

ORGANIZATION is rapidly becoming more and more the order of the day in bank advertising as it is in advertising in general. A long time since, industries having no remote connection with banking, or with each other, have found a concentration of forces in advertising to be an effective means of catching the eye and the attention of the general public. Every little while now comes word from some different community or city of the country that a coöperative bank advertising campaign has been put under way, and that it is bringing results in no uncertain manner. Coöperative advertising on the part of savings banks in certain cities or communities seems to have been particularly effective, and very prompt in bringing tangible returns. As a means of hammering home to Mr. Average man the value of the thrift habit to himself and to his community, the concentration of fire made possible by coöperative copy may be reasonably assumed to have a certain definite advantage over a few scattered volleys here and there on thrift and savings. From another angle the educational possibilities of coöperative copy give it a high value as a potential builder of good will in the

community. Thrift and civic pride may well go hand in hand. The community where civic pride runs high is pretty apt to be a community with a high per capita savings account balance, and, conversely, in a community where the thrift instinct is well implanted a strong feeling of civic pride is like to be the rule.



WHAT STANDS out in the advertising copy of your bank? Take any particular piece of copy which your bank has run. That copy was written to do some specific thing, presumably at least. It was written perhaps to get people to save; to build good will; or to set forth the advantages of some special department of the bank to a certain class of people. Whatever it is intended to do, does that copy start right out, without any preliminaries, to do it? Is it clear from a glance at the copy what it's all about? Is a message flashed from the eye to the mind which the mind almost instinctively grasps? And is that message carried right on through to the end of the advertisement without a break?

In a recent issue of *Batten's Wedge*, George Batten Company, advertising, New York, there is an article on the writing of advertisements. A section of this article stresses the value of a *center of interest* to which the eye will unhesitatingly

go, and the suggestion is made that the right heading, properly exploited, is the best sort of a center of interest. To quote from the *Wedge* a few observations of the writer of the above mentioned article:

It seems to me that merit Number One in a good advertisement is a center of interest, a focus, a spot to which the eye goes and must go without question.

If this center of interest were only for the eye, it would have no place in this discussion, which has to do with writing, but the mind must go with the eye. The center of interest must be not only a visual focus, but also a mental focus.

Also, it must be so placed that it carries the mind and the eye into the reading matter. The headline separated from the text, or the center of interest at the bottom of the page, can hardly be a logical arrangement.

My belief is that in most cases the right heading, properly exploited, is the best sort of center of interest.

The center of interest has nothing to do, of course, with style of writing as such, but it has everything to do with gaining the attention and with getting the reader started in our text. But more than this, it will have an effect on our attitude of mind in writing that will tend to make our advertisements, even in their style, more clear and logical. If at the very outset, in our original conception of the advertisement, we begin with and through this center of interest, we have at least a definite starting point. A definite starting point is a great merit in an advertisement, and one that a great many advertisements lack.



Do NOT turn back when you are in sight of the goal.—*Publius Syrus*.

Cultivate Old as Well as New Customers

(Continued from page 707)

obtaining more business from present customers.

Moreover, the system is of immense value to the other departments of the bank, and especially to the banking department, to which information may be given relative to a customer in all departments of the bank, in case the particular department mentioned should find it necessary to return some checks because of insufficient funds, etc.

When the central file has been put in proper form, and the leads systematically arranged, it is absolutely essential that a systematic follow-up plan be adopted, so that an accurate record may be obtained of the final results of each campaign for new business. If this system is not followed to the minutest detail, an accurate check of the new business of this or that campaign is lost, and such a result might mean the difference between success and failure.

On the records for each campaign, a notation is made in case any action has been taken in each individual case, such as personal solicitation, sending of communications, or of any advertising material, and, finally, a record is made of the results. These records are kept separately from the central file cards, but the records of the new business obtained daily are, however, immediately entered upon these cards.

The significance of the follow-up system is best illustrated by specific cases. Take, for example, the card of John Doe, who has a checking account. If his balance is of substantial proportions, he is assumed to be a good prospect for the investment, safe deposit and trust departments. In all probability he owns securities. Then he should be persuaded that the most convenient and logical place to keep his securi-

Who's Who in Bank Advertising



WITHERS WOOLFORD

Manager Publicity Department, Bank of America,
New York

PRIOR to his entrance into the field of bank publicity, Mr. Woolford was engaged in newspaper work. He was later with the Corporation Trust Company of New York, and following this connection organized the publicity department of the Franklin Trust Company of New York. After the merger of the Franklin Trust Company with the Bank of America, Mr. Woolford organized the department of publicity and service in that institution.

employee, whatever his position, in the organization.

The motto of every financial institution of today should be *Service, first, last and all the time* to the old as well as the new.



What Smith Found Out About His Advertising

SMITH was president of the Blank National Bank — and didn't care who knew it. The bank was a good advertiser; its advertising was known far and wide, and favorably commented on even in the great metropolis. Smith knew this—and yet was frankly puzzled. There were, of course, other banks in Smith's town. No one of them advertised as extensively nor as well as the Blank National. In fact, two of them did not advertise at all—and one of these, the "X" National, was expanding much more rapidly than Smith's bank. Now, why, thought Smith, should this be?

One day Smith took a trip.



The Chattanooga Savings Bank has adopted the novel idea of placing circus seats on top of the vault for the use of school children, who are thus enabled to see the various departments of the bank in operation while having them explained

Comfortably seated in the smoking compartment of the limited, Smith began to talk—he was a good talker—and, as his fellow traveler proved a good listener, Smith warmed rapidly to his subject. It soon developed that

his audience of one knew Smith's town, and knew the Blank National Bank. He also knew the "X" National, which, although it did not advertise, was growing faster than Smith's bank. "I know," continued Smith, "that my advertising is all right—but, confound it, it's not getting results. I have a man who can write copy that is good copy—and I pay him for it, too, but it's simply not bringing us the business. I'm beginning to think the whole thing is all bunk!"

Now, Smith didn't know it, but his listener was an advertising man, and though he didn't know much about bank advertising, which was outside his particular field, he *did* know something about advertising in other fields, and about its general application, and from Smith's conversation he thought he had a gleam of light. "I'll be in your town next week, Mr. Smith, and I'd like to drop in your bank for a few minutes." Smith assured him a cordial welcome.

* * *

A week passed. . . . The assistant cashier of the Blank National rather indifferently agreed with the stranger who

Doing One Thing Well

THE Planters Bank carries on but one kind of business—that of Commercial Banking.

Its one desire is to give the best of which it is capable in this kind of banking. For this reason it has no Trust Department—nothing that will divert its attention from the interests that it desires to serve with its best energies.



The long experience of fifty years as a straight-out Commercial Bank makes the Planters capable of giving a comprehensive service to Southern Business Concerns that would be impossible had it not devoted its entire time to a single purpose.

Those whose requirements have grown beyond the scope of their local banks will find that the Planters has the resources and the facilities they require.

We invite your correspondence.

PLANTERS NATIONAL BANK

Capital and Surplus, \$3,000,000.00

Resources More Than Twenty Million Dollars

RICHMOND, VIRGINIA

A story in four words. The caption of this advertisement brings before the reader without preliminaries the purpose of the copy it introduces

set makes a "hit" with your banker. He does not want to discover important things about you through indirect sources. Tell him the worst at the outset and you will find him appreciative as well as helpful.

Do not open a checking account and immediately "check out" your balance to the diminishing point. No one gains in the long run by trying to "get by" with the smallest possible checking balance. Some day you may need a loan. One of the determining factors in the granting or the refusal of this loan will be the size of the average balance you have carried.

When you have a note coming due at the bank, meet your obligation promptly. If you find you must have a little more time, see your banker a day or two ahead of time, if possible, and frankly explain to him the reasons. He is always strong for the man who is careful about his obligations.

When you consider changing banks, hesitate. Both bankers and business associates look askance at the man who frequently "swaps horses in mid-stream."

This is the procedure which will make you strong with your banker. You will find him eager to be friendly and to meet you halfway. Treat him as a friend and you will gain a wise counselor in times of prosperity and a bulwark of support in periods of adversity.

Happy the man who has the confidence of his banker for he always has a safe refuge in times of stress. If you are such a man, you are rearing your financial


structure, not upon the shifting sands of chance, but upon the rocks of loyalty. You are firmly linked to a powerful, dependable friend.

"THRIFT BY WIRELESS" is the title of a pamphlet sent out by the Peoples Savings and Trust Company, Pittsburgh. The pamphlet features extracts from a recent address by the president of the company, A. C. Robinson, at the Radio Telephone Broadcasting Station of the Westinghouse Electric and Manufacturing Company. To quote in part from the pamphlet:

The disastrous "Loose Change" habit is keeping untold thousands of American families poor. They fail to appreciate the importance of the nickels, dimes and quarters tossed over the counter for things they don't need, and would have forgotten five minutes after, had they passed them by. Once the germ of careless spending is in the blood, it's hard to get it out. None of us should delude ourselves into thinking that we can shed our extravagant habits like last year's clothes. America would be happier if it drew a little sharper line between its needs and its wants. Mark Twain tells the story of the steamboat which had to stop for lack of steam, every time it blew the whistle. That is the trouble with a great many of us Americans. In "Keeping up with the Joneses" we live right up to our income, and have no reserve power, in the shape of a growing savings account, to help buck the current of misfortune which comes in all lives. Parents have a great responsibility in the matter of thrift. If they were as careful to teach the children thrift, as they are to teach them their prayers, the blight of extravagance which is gnawing the roots of American happiness would in a single generation be but a memory.

The business world seldom accepts a young man at his own valuation. It is, however, a great believer in past performances. A young man starting out in life who can produce a growing savings account, no matter how small it is, proves conclusively that he is master of himself, and this very fact carries tremendous weight with the men who have the good positions to offer. The young man to whom pay-day means merely a big time with the boys, may be very sure that the boss isn't planning to retire in his favor. Young men, and girls, too, should remember that opportunity does business on a strictly cash basis. It smiles upon those with a bank account, and laughs at those without one.

JUST WHAT HAPPENS at meetings of its executive committee is given through the following account, taken from a recent



Active Directors

<p>WILLIAM B. BARD Bank of Montreal, Trust Co. First National City, Trust Co. First National City, Trust Co.</p> <p>CHARLES L. BARTLEY First National City, Trust Co. First National City, Trust Co.</p> <p>L. W. COLEMAN First National City, Trust Co. First National City, Trust Co.</p> <p>P. A. CLUMING First National City, Trust Co. First National City, Trust Co.</p> <p>CHARLES S. CUTTING First National City, Trust Co. First National City, Trust Co.</p> <p>ARI DAVIS First National City, Trust Co. First National City, Trust Co.</p> <p>BERNARD A. LEXHART First National City, Trust Co. First National City, Trust Co.</p> <p>JAMES R. FORDMAN First National City, Trust Co. First National City, Trust Co.</p> <p>JOSEPH S. GREENBAUM First National City, Trust Co. First National City, Trust Co.</p>	<p>NATHAN BRADSHAW First National City, Trust Co. First National City, Trust Co.</p> <p>WILLIAM H. BAKER First National City, Trust Co. First National City, Trust Co.</p> <p>WILLIAM H. BAKER First National City, Trust Co. First National City, Trust Co.</p> <p>WILLIAM H. BAKER First National City, Trust Co. First National City, Trust Co.</p> <p>WILLIAM H. BAKER First National City, Trust Co. First National City, Trust Co.</p> <p>WILLIAM H. BAKER First National City, Trust Co. First National City, Trust Co.</p> <p>WILLIAM H. BAKER First National City, Trust Co. First National City, Trust Co.</p> <p>WILLIAM H. BAKER First National City, Trust Co. First National City, Trust Co.</p>
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THE POLICIES of the Company reflect the combined judgment of these trustees.

CHICAGO TITLE & TRUST COMPANY

69 West Washington Street
Assets Over \$14,000,000 • No Demand Liabilities

The caption to the above copy stresses to advantage the *active* part which the directors of this bank take in its affairs

newspaper advertisement of the Columbia Trust Company, New York:

Our executive committee consists of nine directors, elected for a period of one year, plus a tenth director chosen from the entire board to serve one month. At the end of each month, the tenth director retires and another member from the board is chosen to serve for the succeeding month.

By this method each director serves in rotation on the executive committee, and thereby comes in close personal touch with the company's affairs.

The committee meets each Thursday noon at 60 Broadway. In addition to the committeemen, the senior officers are present to supply facts or explanations as called upon.

Two days before each meeting an advance report is mailed to each committee member.

This report gives in detail all transactions during the week past and serves as an order of procedure for the meeting, each item being discussed in the following sequence:

- (1) Minutes of previous meetings.
- (2) List of new business accepted by trust department.
- (3) List of purchases and sales of all securities made during the week.
- (4) List of new collateral loans made.
- (5) List of all loans paid since last meeting.
- (6) Memorandum of all borrowers who have increased their loans \$1,000 or more since the last meeting of the board.
- (7) List of commercial discounts.
- (8) Memorandum of loans maturing during the coming week.
- (9) List of purchases, sales and credits made by the foreign department.
- (10) General matters of banking policy and special business which may require action.

Here are the 31 directors of Detroit's oldest trust company

These men, allied for many years with Detroit's civic, financial and industrial development, form the directorate of the Union Trust Company. Their broad experience and high character have been a constant source of strength to this institution. That is why its confidence and service are sought by so many individuals, families and business organizations in Detroit and Michigan.

You will find serious consideration of company with such a Board of Directors when you choose the institution of your will or designate any number of trust.

<p>ALFRED W. BAKER First National City, Trust Co. First National City, Trust Co.</p> <p>WILLIAM H. BAKER First National City, Trust Co. First National City, Trust Co.</p> <p>WILLIAM H. BAKER First National City, Trust Co. First National City, Trust Co.</p> <p>WILLIAM H. BAKER First National City, Trust Co. First National City, Trust Co.</p> <p>WILLIAM H. BAKER First National City, Trust Co. First National City, Trust Co.</p>	<p>WILLIAM H. BAKER First National City, Trust Co. First National City, Trust Co.</p> <p>WILLIAM H. BAKER First National City, Trust Co. First National City, Trust Co.</p> <p>WILLIAM H. BAKER First National City, Trust Co. First National City, Trust Co.</p> <p>WILLIAM H. BAKER First National City, Trust Co. First National City, Trust Co.</p> <p>WILLIAM H. BAKER First National City, Trust Co. First National City, Trust Co.</p>
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First trust company in Detroit



Union Trust Company

Ginsburg and Company

Another good example of how the names of a bank's directors may be used to good effect

Bank Advertising Exchange

NOTICE

At the suggestion of some of those whose names are on this list we have rearranged it alphabetically according to cities. We believe you will find this arrangement more convenient.

- Albany, N. Y., Albany City Svgs. Institution,
F. H. Williams, treas.
Asbury Park, N. J., Asbury Park Tr. Co., W. C.
Rogers, secy.-treas.
Asheville, N. C., Hackney & Moale Co., P. E.
Morrow.
Atlantic, Iowa, Iowa State Bank, H. M. Butz-
loff, asst. cash.
Baltimore, Md., Nat'l Bank of Baltimore, W. B.
Thurston, Jr., mgr. for. dept.
Boston, Mass., Internat'l Tr. Co., T. F. Megan,
asst. secy.
Boston, Mass., Nat'l Shawmut Bank, A. L.
Winship, V. P.
Boston, Mass., Old Colony Tr. Co., E. H. Kit-
tredge, pub. mgr.
Brenham, Tex., 1st Nat'l Bank, A. Schlenker,
cash.
Brooklyn, N. Y., Home Svgs. Bank, V. M. Pow-
ell, secy.
Brooklyn, N. Y., Williamsburgh Svgs. Bank,
B'way & Driggs Ave., V. A. Lersner, comp.
Bruxelles, Belgium, Moniteur des Interets Ma-
teriels, 27 Place de Louvain.
Buffalo, N. Y., Citizens Tr. Co., R. Block, pub.
mgr.
Buffalo, N. Y., Fidelity Tr. Co., W. D. Lamp-
man, asst. pub. mgr.
Buffalo, N. Y., Marine Tr. Co., W. H. Johnson,
adv. mgr.
Cambridge, Mass., Guaranty Tr. Co., L. A.
Frost, V. P.
Chambersburg, Pa., Chambersburg Tr. Co., F. A.
Zimmerman.
Charleston, W. Va., Charleston Nat'l Bank,
C. F. Snyder, Jr., adv. mgr.
Chattanooga, Tenn., American Tr. and Bkg.
Co., E. L. Smith, asst. cash.
Chattanooga, Tenn., Chattanooga Svgs. Bank,
J. V. Holdam, adv. mgr.
Chattanooga, Tenn., 1st Tr. & Svgs. Bank, J. H.
McDowell.
Chester, Pa., Pennsylvania Nat'l Bank, E. C.
Burton, V. P.
Chicago, Ill., American Press League, 11 S.
La Salle St., T. J. Sullivan, pres.
Chicago, Ill., R. E. Bauder, 738 S. Michigan Ave.
Chicago, Ill., Englewood State Bank, 63rd St.
& Yale Ave., E. N. Baty, mgr. new bus.
dept.
Chicago, Ill., Liberty Tr. & Svgs. Bank, A. L.
Rosenthal, asst. cash.
Chicago, Ill., Merchants Loan & Tr. Co., C. A.
Gode, adv. mgr.
Chicago, Ill., Nat'l City Bank.
Chicago, Ill., Northwestern Tr. & Svgs. Bank,
F. G. Heuchling, V. P.
Chicago, Ill., State Bank of Chicago, E. L.
Jarl, asst. cash.
Chicago, Ill., Union Tr. Co., P. L. Hardesty,
adv. dir.
Chicago, Ill., Woodlawn Tr. & Svgs. Bank, T.
Jessup, asst. cash.
Clarksville, Tenn., 1st Nat'l Bank, M. A. Bland,
V. P.
Cleveland, Ohio, Central Nat'l Bank Svgs. & Tr.
Co., R. J. Izant, adv. mgr.
Cleveland, Ohio, Cleveland Trust Co., C. K.
Matson, pub. mgr.
Cleveland, Ohio, Garfield Svgs. Bank, E. V.
Newton, mgr. new bus. dept.
Cleveland, Ohio, Reliance Tr. Co., E. J. Mac-
Nab, asst. secy.
Cleveland, Ohio, Union Tr. Co., C. H. Handers-
on, pub. mgr.
Clinton, Iowa, City Nat'l Bank, A. C. Smith,
pres.
Corona, Cal., 1st Nat'l Bank, P. L. Hudson,
asst. cash.
- Danijelson, Conn., Danielson Tr. Co., C. H.
Starkweather, treas.
Dayton, Ohio, Nat'l Cash Register Co., H. W.
Karr, dir. pub.
Denver, Colo., Denver Nat'l Bank, G. T. Wells,
asst. cash.
Detroit, Mich., Security Tr. Co., H. B. Grimm,
mgr. bus. ext. dept.
Elizabeth City, N. C., 1st & Citizens Nat'l Bank,
M. H. Jones, asst. cash.
Emporium, Pa., 1st Nat'l Bank, C. R. Zimmer.
Evansville, Ind., City Nat'l Bank, J. C. Mac-
Corkle, pub. mgr.
Evansville, Ind., Old State Nat'l Bank, A. F.
Bader, asst. cash.
Flint, Mich., Citizens Commercial & Svgs. Bank,
H. E. Potter, asst. cash.
Flint, Mich., Industrial Svgs. Bank, A. T.
Smith, mgr. special serv. dept.
Gardner, Mass., Gardner Tr. Co., R. E. Merrill.
Greenville, Pa., Farmers & Merchants Tr. Co.,
M. M. Simons, asst. treas.
Greenville, S. C., American Bk. & Tr. Co., R.
Anderson, cash.
Greenville, S. C., Woodside Nat'l Bank, J. L.
Williams, V. P.
Haverhill, Mass., 1st Nat'l Bank, C. K. Worm-
wood, adv. mgr.
Indianapolis, Ind., Fletcher Svgs. & Tr. Co.,
L. A. Buennagel, mgr. serv. dept.
Ithaca, N. Y., 1st Nat'l Bank, W. A. Boyd, V. P.
Jacksonville, Fla., Atlantic Nat'l Bank, J. M.
Quincy, asst. cash.
Jacksonville, Fla., Barnett Nat'l Bank, E. G.
Haskell.
Jacksonville, Fla., United States Tr. Co., B. W.
Lanier, secy.
Joliet, Ill., Will Co. Nat'l Bank, F. R. Adams.
Kankakee, Ill., City Tr. & Svgs. Bank, A. M.
Shoven, cash.
Kansas City, Mo., Commerce Banks, F. M.
Staker, mgr. pub. dept.
Kansas City, Mo., Kansas City Terminal Tr.
Co., H. G. Hunter, V. P.
Lansing, Mich., Capital Nat'l Bank, H. D. Ben-
nett, asst. cash.
Lima, Peru, S. A., Banco Mercantil Americano
del Peru.
Little Rock, Ark., American Bank of Commerce
& Tr. Co., M. A. Buzbee, adv. mgr.
Los Angeles, Cal., 1st Nat'l Bank & Tr. & Svgs.
Bank, R. M. MacNennon, adv. mgr.
Los Angeles, Cal., Hellman Com'l Tr. & Svgs.
Bank, J. R. Branharn, dir. pub.
Los Gatos, Cal., 1st Nat'l Bank, C. F. Ham-
sher, pres.
Louisville, Ky., Nat'l Bank of Kentucky, F. C.
Adams, mgr. pub. dept.
Madrid, Spain, Ranco Hispano Suizo, Para Em-
presas Electricas, Plaza Canalejas 3, E. C.
Hirt.
Madison, S. D., Lake Co. Nat'l Bank, T. A.
Wadden, V. P.
Meridian, Miss., Merchants & Farmers Bank, M.
Keeton, mgr. svgs. dept.
Milwaukee, Wis., Second Ward Securities Co.,
K. P. Hammond, bus. serv. dept.
Minneapolis, Minn., Farmers & Mechanics Svgs.
Bank, T. H. Wallace.
Minneapolis, Minn., Minnesota Loan & Tr. Co.,
R. Reese.
Minneapolis, Minn., Northwestern Nat'l Bank,
F. Merrill, adv. mgr.
Monterey, N. L., Mex., A. Zambrano, Jr., care
of A. Zambrano y hijos, Apartado No. 6.

- Montreal, Que., Bank of Hochelaga, 112 St. James St., H. G. Gonthier, dir. pub.
- Newark, Ohio, Home Bldg. Ass'n Co., E. M. Baugher, pres.
- New Orleans, La., Canal-Com'l Tr. & Svgs. Bank, H. B. Caplan, adv. dept.
- New Orleans, La., Hibernia Bk. & Tr. Co., F. W. Ellsworth, V. P.; W. E. Brown, adv. mgr.
- Newport News, Va., 1st Nat'l Bank, D. L. Downing, asst. cash.
- N. Y. C., American Express Co., S. D. Malcolm, gen. mgr. adv. dept.
- N. Y. C., American Union Bank, R. Stein, asst. cash.
- N. Y. C., Banco di Roma, 1 Wall St., Rodolfo Bolla, American representative.
- N. Y. C., The Bankers Magazine.
- N. Y. C., Bank of America, 44 Wall St., W. Woolford.
- N. Y. C., Chatham & Phenix Nat'l Bank, N. P. Gatling, V. P.
- N. Y. C., Equitable Tr. Co., A. DeBebian, adv. mgr.
- N. Y. C., Henry L. Doherty & Co., 60 Wall St., T. B. Pratt.
- N. Y. C., Farmers Loan & Tr. Co., C. M. Rittenhouse.
- N. Y. C., Guaranty Trust Co., H. W. Carlisle, pub. mgr.
- N. Y. C., E. Higgins, adv. serv., 2929 B'way.
- N. Y. C., Hoggson Bros., 485 5th Ave., E. L. Wight, pub. mgr.
- N. Y. C., Internat'l Bkg. Corp., R. F. Crary, asst. cash.
- N. Y. C., Mechanics & Metals Nat'l Bank, F. W. Gehle, mgr. adv. dept.
- N. Y. C., Metropolitan Tr. Co., E. S. Van Leer.
- N. Y. C., Morris Plan Bank, 261 B'way, W. D. McLean, V. P.
- N. Y. C., New York Tr. Co., E. Langstroth.
- N. Y. C., North Side Svgs. Bank, A. A. Ekirch, secy.
- N. Y. C., Seaboard Nat'l Bank, E. M. Hutchins, pub. mgr.
- N. Y. C., S. W. Strauss & Co., 5th Ave. at 46th St., H. B. Mathews, adv. mgr.
- N. Y. C., Union Bank of Canada, 49 Wall St., A. G. Sclater.
- Norfolk, Va., Seaboard Nat'l Bank, W. V. Capps, adv. mgr.
- Norfolk, Va., Tidewater Bank & Tr. Co., G. W. C. Brown, asst. secy.
- Norfolk, Va., Virginia Nat'l Bank, R. J. Alfriend, Jr., asst. cash.
- Oak Park, Ill., Oak Park Tr. and Svgs. Bank, L. A. Claraham, mgr. new bus. dept.
- Paterson, N. J., 2nd Nat'l Bank, W. Van Blarcom, asst. cash.
- Pendleton, Ore., American Nat'l Bank, J. De Wilde, pub. mgr.
- Phila., Pa., 4th St. Nat'l Bk., J. T. A. Hoshach.
- Phila., Pa., Phila. Nat'l Bank, W. R. D. Hall, com'l serv. dept.
- Phila., Pa., R. H. Thompson, 1524 Chestnut St.
- Phila., Pa., Tradesmen's Nat'l Bank, H. E. Dolly.
- Pine Bluff, Ark., Cotton Belt Svgs. & Tr. Co., L. E. Bassett.
- Pine Bluff, Ark., Merch. & Planters Bank, R. W. Etter.
- Pittsburg, Pa., Mellon Nat'l Bank, J. M. Williams, pub. mgr.
- Pittsburgh, Pa., W. H. Siviter, 122 Dithridge St.
- Raleigh, N. C., Citizens Nat'l Bank, R. A. Brown, asst. secy.
- Raleigh, N. C., Com'l Nat'l Bank, E. E. Culbreth.
- Richmond, Va., American National Bank, C. Ryland, mgr. new bus. dept.
- Richmond, Va., Planters Nat'l Bank, R. E. Hotze, Jr., adv. mgr.
- Richmond, Va., Virginia Tr. Co., W. Scott, V. P.
- Ridgewood, N. J., 1st Nat'l Bank, L. F. Spencer, V. P.
- Ripon, Wis., 1st Nat'l Bank, W. R. Dysart, cash.
- Rochester, N. Y., East Side Svgs. Bank, C. C. Davy, atty.
- Rochester, N. Y., Union Tr. Co., A. J. Meyer, pub. dept.
- Rome, Italy, Banco di Roma, head office.
- San Antonio, Tex., Central Tr. Co., D. Ansley.
- San Francisco, Cal., Abbott-Brady Prtg. Corp., 460 4th St., L. G. Peede, bk. serv. dept.
- San Francisco, Cal., Security Bk. & Tr. Co., W. F. Morrish, V. P.
- San Francisco, Cal., Union Tr. Co., M. Newman, asst. cash.
- Scranton, Pa., Anthracite Tr. Co., L. A. Haggerty, asst. treas.
- Scranton, Pa., 3rd Nat'l Bank, J. E. Williams, asst. cash.
- Shanghai, China, American Oriental Bkg. Corp., F. J. Raven.
- Shelbyville, Ill., J. C. Eberspacher, asst. cash.
- Sioux Falls, S. D., Sioux Falls Nat'l Bank, J. W. Wadden, pres.
- Smithtown, N. Y., Nat'l Bank of Smithtown, J. A. Overton, cash.
- South Bend, Ind., Indiana Svgs. & Loan Ass'n, J. C. Stover, secy.
- Spokane, Wash., Old Nat'l Bank, A. F. Brunkow, pub. mgr.
- Spokane, Wash., Union Tr. Co., W. J. Kommers, pres.
- St. Joseph, Mo., 1st Nat'l Bank, L. J. Morgan, adv. mgr.
- St. Louis, Mo., Liberty Central Tr. Co., J. V. Corrigan, pub. mgr.
- St. Louis, Mo., Mercantile Tr. Co., S. P. Judd, pub. mgr.
- St. Louis, Mo., Nat'l Bank of Commerce, W. B. Weisenburger, adv. dir.
- Stockholm, Sweden, Aktiebolaget Svenska Handelsbanken, P. G. Norberg.
- Stroudsburg, Pa., C. B. Keller, Jr., cash.
- Tampa, Fla., Citizens Bank & Tr. Co., L. A. Biza, pres.
- Toledo, Ohio, Com'l Svgs. Bk. & Tr. Co., J. H. Streicher, new bus. dept.
- Toronto, Canada, Canadian Bank of Commerce, F. C. Biggar, head office.
- Toronto, Canada, H. J. Coon, 68 Farnham Ave.
- Toronto, Canada, Home Bank Monthly, Home Bank of Canada.
- Trenton, N. J., Mechanics Nat'l Bank, C. K. Withers, tr. off.
- Tuscaloosa, Ala., City Nat'l Bank, S. F. Claibach, cash.
- Utica, N. Y., Svgs. Bk., H. W. Bell, dir. serv.
- Warren, Pa., Warren Nat'l Bk., E. W. Johnson.
- Washington, D. C., Federal Nat'l Bank, John Poole, pres.
- Washington, D. C., Union Tr. Co. of D. C., 15th & H Sts., W. S. Lyons.
- Washington, D. C., Washington Loan & Tr. Co., E. H. Thomson, pub. mgr.
- Watertown, N. Y., Jefferson Co. Nat'l Bank, J. R. Sexsmith, pub. mgr.
- Wausau, Wis., Marathon Co. Bank, H. C. Berger, cash.
- Waynesboro, Pa., 1st Nat'l Bank, J. E. Guy, mgr. serv. dept.
- Wellsboro, Pa., 1st Nat'l Bank, L. M. Matson, adv. dept.
- Westchester, Pa., Farmers & Mechanics Tr. Co., J. C. Hall.
- Wilkes Barre, Pa., Luzerne Co. Nat'l Bank, W. J. Ruff, cash.
- Wilkes Barre, Pa., Wyoming Nat'l Bank, W. M. Sherrill, mgr. new bus. dept.
- Wilmington, N. C., Wilmington Svgs. & Tr. Co., C. E. Taylor, Jr., pres.
- Winnipeg, Manitoba, Union Bank of Canada, J. H. Hodgins, mgr. pub. dept.
- Winston-Salem, N. C., Buck & Glenn, Inc., C. L. Glenn, secy.
- Winston-Salem, N. C., Wachovia Bank & Tr. Co., P. Garner, pub. mgr.
- Youngstown, Ohio, 1st Nat'l Bank, J. N. Higley, pub. mgr.
- Yuma, Ariz., Security Tr. & Svgs. Bank, J. O. Elethen, cash.
- Zurich, Switzerland, J. Muller, 49 Sonneggstrasse.
- Zurich, Switzerland, Union de Banques Sulsses, H. de Muralt, sub-mgr.



New Names

- Elmira, N. Y., 2nd Nat'l Bank, H. E. Mallory, adv. mgr.
- Prague, Czechoslovakia, Bohemian Industrial Bank, head office.

Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, ads are reproduced and criticised in BANKING PUBLICITY



Harlem Branch Columbia Trust Company, New York

AS it is the aim of the banks to give to their depositors the most efficient service possible, so it is our purpose to afford a thoroughly dependable service to banks in meeting their architectural requirements. The large number of high-class bank buildings already constructed under the direction of this organization, in various parts of the country, are proof of ability in carrying out this purpose.

Alfred C. Bossom
Bank Architect and Equipment Engineer
 680 Fifth Avenue, New York
Correspondence Invited



First National Bank and Central Wisconsin Trust Company

Important Merger of Wisconsin Banks

WITH the merger of the First National Bank, Merchants and Savings Bank and Central Wisconsin Trust Company at Madison, Wis., the state capital becomes the home of one of the largest financial institutions in Wisconsin, with resources of upwards of \$10,000,000.

The three consolidating institutions have just entered their new banking home in the First-Central Building, an eight-story structure of Bedford limestone and the largest, as well as the most attractive, bank and office building

in the city. The new bank building stands in perfect architectural harmony with the state capitol across the way.

The most important feature of the Wisconsin consolidation, as far as the people of Madison and the state are concerned, will be the many additional banking and other facilities that will be afforded the public.

A large community room is prominent in the building. Of equal importance to the public is the women's department with the ladies' room in connection, the large safe deposit vault with a capacity



Main banking floor



Directors' room



Ladies' room

for 8000 boxes, private rooms for committee meetings, a newly organized bond department, and an advertising and merchandising department that handles not only the new business campaigns of the bank, but coöperates with local merchants and manufacturers on their schedules and with other banks in the planning and execution of their advertising and new business programs.

The opening of the new building when the physical consolidation took place was noteworthy for the number of people and the amount of new business it brought in.

By actual count, 8,182 people visited the new quarters on opening day and about 15,000 throughout the week. Over 1200 new accounts were opened the first week and over 1600 the first two weeks. Before the building was completed over 400 boxes had been reserved in the new vault in addition to those rented, the result of a short direct-by-mail campaign.

A miniature First-Central Building in the form of a home savings bank

went with each new savings account all week.

Tuesday of opening week was designated as Opening Savings Day; Wednesday, Trust and Investment Day; Thursday, Safe Deposit Box Day; Friday, Women's Day, and Saturday, Commercial Day.

The First National Bank, the largest of the three merging institutions, is one of the oldest banks in the state, having been organized as the Dane County Bank in October, 1854, and nationalized in 1863, receiving charter number 144.

Its history is more colorful than that of the average bank. During the Civil War the bank's quarters were used as headquarters for the paymasters of the army when troops were stationed at Camp Randall, Madison, now the site of the University of Wisconsin's stadium and football field. It is evident from a series of historical advertisements run locally by the institution that western banking in the early days was a hazardous undertaking principally because of the difficulty in transporting



Safe deposit vaults

money. To associate its modern literature with the age and stability of the bank, the First National adopted the slogan, "Reliable since 1854." Since the merger this slogan has been supplemented: "Reliable since 1854—Stronger Now than Ever." "Backed by over sixty-eight years of sound banking" is also used to capitalize the age idea locally.

The Merchants and Savings Bank was a comparatively new bank, organized in 1910, but its growth has been phenomenal, due almost entirely to the efforts of Milo C. Hagan, cashier and active head, who becomes senior vice-president of the reorganized First National.

The Central Wisconsin Trust Company, one of the leading trust companies in the Northwest, was the third party to the merger.

L. M. Hanks, president of the Central Wisconsin Trust Company, also became president of the First National Bank at the time of the merger, and will head both institutions. The other officers of the First National Bank are

Magnus Swenson, W. D. Curtis, T. R. Hefty, T. C. McCarthy, M. C. Hagan, J. H. Coe, vice-presidents; M. H. Sater, cashier; Harold Schlueter, John Dean, assistant cashiers. The other officers of the Central Wisconsin Trust Company are Magnus Swenson, Fred M. Brown, T. R. Hefty, M. C. Hagan, J. H. Coe, vice-presidents; B. J. Halligan, secretary; Vivian Brown, assistant treasurer.

To embody a complete explanation of the services of the bank and trust company, a novel booklet, "Under One Roof," was published in connection with the opening. The booklet was unique in that it took the form of the building itself, with the title mortised into the picture of the structure.

"As we offer more than complete banking accommodations to individuals and firms," says the booklet, "we similarly offer additional services to banks and bankers. We aim to be of practical assistance in building up the business of other banks just as we work continually to promote the prosperity of our individual customers."

National City Bank of Indianapolis, Ind.

THE new sixteen story building of the National City Bank of Indianapolis, Ind., was opened for business on January 3. This bank was established in 1912 and had occupied a building at 14 East Washington street since that time until it outgrew its quarters. In 1912 the resources of the bank were about \$4,000,000 and at the present time are approximately \$9,000,000. Work was commenced on the present new quarters of the bank February 26, 1921, and the building was ready for occupancy January 1, 1922.

In the new building the Corinthian style of architecture predominates in the lower stories, and an effort has been made in designing the structure to emphasize the bank atmosphere in the first two stories so that on approach an observer would be conscious only of the bank. Ornamentation has been confined to the bottom and top, and the intervening stories have been designed to present a shaftlike appearance in carrying out the idea.

The windows, while so placed as to give maximum of light for the office floors are made to appear as unobtrusive openings in a plain shaft.

The building was designed by Hoggson Brothers, bank builders, of New York and Chicago. The front is of limestone for the first three floors, the stories intervening between the capital and the base are of gray face brick and the top of ornamental terra cotta matching the base.

The first floor is occupied by the banking institution. The floor is of Tennessee marble blocks with a tavernelle fleuri marble counter screen with check desks to match. In addition to the rare imported Italian marble used in the counter screen other very unusual decorative touches have been given the banking room by a marble dial clock flanked by mirrors at the rear of the room and a marble balustrade which runs along the edge of the mezzanine floor.

The ceiling is in old ivory tints. The vestibule is in tavernelle marble fleuri with gold leaf decorations and the banking cages are of bronze. An indirect lighting system has been employed radiating from lights fixed in the tops of

the cages, obviating the necessity for fixtures in the ceiling.

Inside the entrance on the right is the officers' space with a private room adjoining. Departments of drafts, collections, notes and collateral are located there. A ladies' alcove and savings department are on the left. At the rear is the statements window and a passage to the working quarters which occupy the remainder of the first floor.

In addition to the banking quarters on the main floor, a mezzanine and basement are devoted to the bank. The safe deposit department, a reception room, directors' room, locker rooms for men and women employees, rest rooms and writing rooms are located in the basement.

An innovation in vault protection which Hoggson Brothers have employed in connection with the installation of the deposit vault is a mirror system which permits a view of the bottom of the vault. The vault, resting on steel girders, stands on a level with the floor and a space of two feet has been left beneath it. The space is reflected by mirrors and lights through a clear glass door at the side of the vault, permitting a view of the bottom at all times.

The president of the bank, James M. McIntosh, began his banking experience as a clerk in the Citizens Bank of Connersville more than forty-five years ago, after which he served for a time as cashier of the First National Bank of Connersville, Ind. In 1906 he resigned from the position of national bank examiner, which he had held for about nine years, and took the presidency of the Union National Bank of Indianapolis. This position he held until 1912, when he organized the National City Bank of Indianapolis.

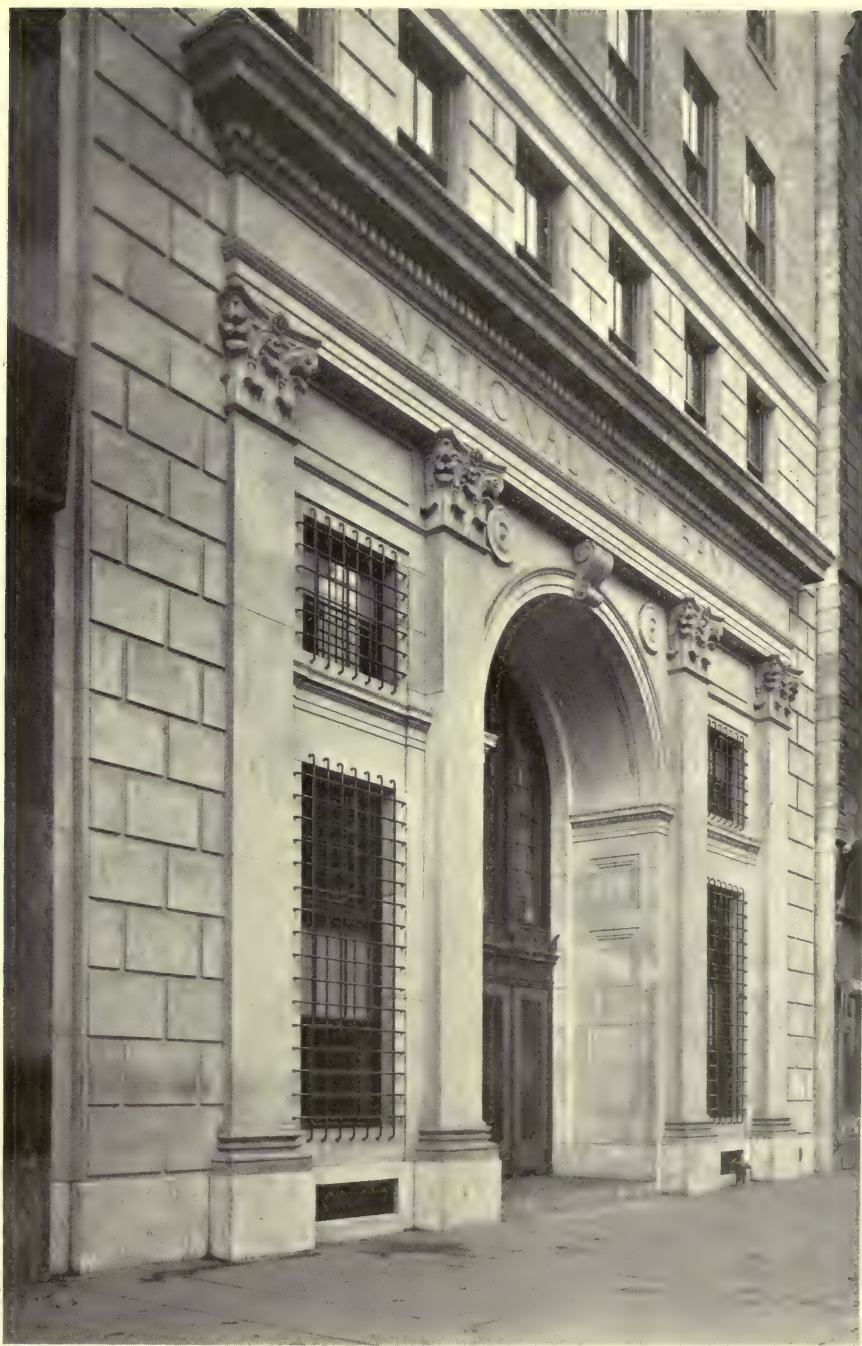
The other officers are: John R. Welch, L. P. Newby, F. M. Millikan and Louis F. Elvin, vice-presidents; H. A. Groff, assistant to the president; C. A. James, cashier; Miss Josephine M. Henley and A. B. Cravens, assistant cashiers. The board of directors is composed of Mr. McIntosh, Charles W. Miller, Mr. Welch, Mr. Newby, J. T. Moorman, Mr. Millikan, W. K. Sproule, Isaac Pinkus, John W. Lovett, James P. Goodrich and C. A. James.



Main banking room as seen from the mezzanine



This view faces toward the street entrance and shows the mezzanine and the officers' space on the left



ENTRANCE TO THE NATIONAL CITY BANK, INDIANAPOLIS

Effort was made to emphasize the bank atmosphere in the first two stories so that on approach an observer would be conscious only of the bank



In this view, taken from the officers' space is shown the entrance to the bank from the lobby of the building



One of the rear corners of the banking room showing the bookkeeper's window



NATIONAL CITY BANK BUILDING

The front is of limestone for the first three floors, the intervening stories, gray face brick, and the top of ornamental terra cotta

National Exchange Bank of Baltimore

THE present home of the National Exchange Bank of Baltimore, Md., was built after the great fire in 1904 which destroyed the former building. An additional strip of land was bought and the new building constructed. Since then the growth of business has made necessary extensive interior alterations on three occasions until finally the remaining property on the

vantages through the tall windows on three sides. The high-domed roof, together with the massive columns extending from the main floor to the ceiling, lends dignity and beauty to the interior.

The larger and thoroughly modern facilities will aid the bank in serving its customers more efficiently.

ARRANGEMENT OF THE BANKING ROOM

At the right of the entrance is an attractive, well-appointed room set apart for women, where comparative quiet and rest may be enjoyed. Opposite and at the left of this entrance are two convenient conference rooms and as one enters the main banking room the officers' desks are at the left. Directly opposite is the stairway leading to the vault and safe deposit rooms in the basement.

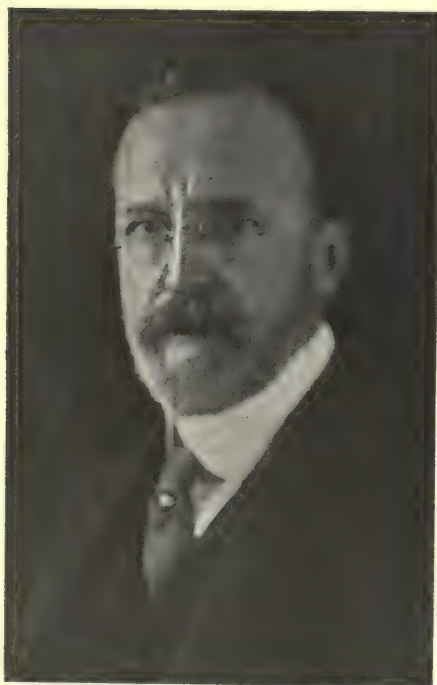
Extending around the remaining space on the main floor, on both sides, are the numerous tellers' divisions so arranged as to give the greatest degree of convenience to the public, with the department for savings extending across the extreme end of the banking floor. There are also several private booths for patrons.

Over the entrance on the second floor is the large meeting room for the bank's directors, while on the balcony, extending around the entire inside area of the building, are located the bookkeeping and clerical departments, thus providing space for all employees not coming in contact with the public.

The third floor, not visible from the banking floor, duplicates the second and is available for future use when required; at present it is used for storing the bank's records and locker-rooms for women employees.

One of the most important features of the new bank is its safe deposit vault, which is the latest and finest example of construction, being absolutely fireproof and burglar-proof.

Adjacent to the vault, in addition to numerous coupon rooms, are three special conference rooms, which are available to the bank's patrons for meetings



WALDO NEWCOMER
President National Bank of Baltimore

block was acquired, and the bank building now occupies the entire block with an entrance on Baltimore street.

Architecturally the building is one of the finest in Baltimore, being of Italian Renaissance type and constructed of brown stone. The frontage on four streets gives abundant daylight and the additional isolation from fire risk. The treatment of the interior of the new building is impressive and pleasing, in harmony with the cheerful lighting ad-

—another convenience that will be frequently appreciated.

HISTORY OF THE BANK

The National Exchange Bank was organized by a group of Baltimore business men in 1865. At that time the banking house was located on Sharp street. The growth of the bank necessitated the erection in 1879 of a new seven story structure. The building was considered quite imposing in those days and attracted much attention.

It is interesting to note that the property occupied by the bank was the site of the "Old Congress Hall," in which the Continental Congress met in December, 1776, and a bronze tablet on the exterior wall of the new bank building commemorates this event.

The great Baltimore fire started directly opposite the bank's building on February 7, 1904, and the building was totally destroyed, with the exception of the vaults, but on the following day before the fire was under control the bank

obtainable, after which it was found that the cash, securities and all records were intact.

The following figures are indicative



Main banking floor as seen from the entrance



National Exchange Bank of Baltimore

opened for business as usual in temporary quarters. For four days no definite information as to the actual damage to the vault and its contents was

of the progress of the bank: In 1897 the capital was \$600,000; surplus and profits, \$184,087.18, and the deposits, \$1,397,594.03. At December 31, 1921, the capital was \$1,500,000; surplus and profits, \$1,425,719.87, and deposits, \$10,457,629.47.

OFFICERS AND DIRECTORS

The officers of the bank are: Waldo Newcomer, president; Summerfield Baldwin, Clinton G. Morgan, vice-presidents; Joseph W. Leffler, cashier; William R. Webb, William Hambleton, assistant cashiers; C. O. Kieffner, auditor and assistant cashier.

The directors are Summerfield Baldwin, William H. Matthai, Waldo Newcomer, George Cator, William A. Dixon, Robert M. Rother, Benjamin W. Corkran, Jr., W. W. Cator, George N. Numsen, P. J. McEvoy, Jacob Epstein, C. Wilbur Miller, Clinton G. Morgan, R. Howard Bland, Merville H. Carter, Hamilton G. Fant, George W. Kirwan, George W. Atkinson, Herbert A. Wagner, Joseph W. Leffler.

Some Bank Credit Problems

The Bankers Magazine has secured the services of a capable bank credit man to answer the inquiries of readers on current problems of the credit manager. Questions of general interest to credit man and bankers will be answered and only the initials of the person asking the question will be used. In case the question is not one of particular interest to bank credit men as a whole or one which has been answered before, a reply will be made by mail. In order that all questions may be answered intelligently, it is requested that they be direct and to the point, but that sufficient necessary detail be included to enable the editor to draw the proper conclusion. Inquiries should be addressed to the Editor, Bank Credit Problems, The Bankers Magazine, 253 Broadway, New York.—Editor.

QUESTION: I am taking the liberty of writing you for some much needed advice. At various times during the year we have occasion to purchase considerable commercial paper, and as we have seen fit to limit our purchase of any one name to \$5000 we often have under discount the notes of a fairly large number of concerns. Many of the brokers have our name on their list, and various salesmen call upon us weekly or frequently, making offerings of numerous (so-called choice) names. When so many notes are offered to me, and possibly having a rather large amount of funds to invest, I am sometimes at a loss as to just what paper to purchase or to take on option. You will, of course, realize that we cannot afford to maintain an up-to-date credit department such as is found in the larger cities, and, therefore, more or less, have to rely upon the opinion of the broker and our own judgment. I have been reading some of the questions and answers which have recently appeared in your column, and am wondering if you could not give me some suggestions as to how to pick out the better class of names from those offered.—J. B. R.

ANSWER: Your task, as the loaning officer in a small interior city, is indeed a difficult one and requires considerable judgment, ability and experience. Being located as you are, you are, of course, not in a position to obtain first hand information and opinions on short notice, and, as you say, must rely upon the broker's statements to a large extent. We would, therefore, suggest that you obtain from your New York correspondent an expression of opinion as to which are the most reliable brokers and which have a reputation for placing only high grade names. We do not mean to infer that all brokers are not reputable, but

some, of course, have had greater experience and success than others.

When any of the selected brokers offer names for your consideration, the first step is to quickly judge as to whether the business is a staple one and not subject to violent fluctuations or based upon passing styles. The paper of large, well known and strongly established enterprises is usually superior to that of newer and small concerns which might be unable to withstand a serious depression or strong competition. Of course, the matter of rates is one of prime consideration, and if it seems essential for you to obtain high rates it will be necessary for you to forego safety to some extent and pick the paper of less well known companies. Then, again, a great deal of the prime paper is first offered to the city banks, when such institutions are in the market for large blocks, and the smaller country banks find that the choice names are not presented to them. This difficulty (if you consider it such) can be obviated to some extent by having your city correspondent purchase paper for you, either on your expressed instructions or based on their own judgment. Many of the large city banks perform this service for their customers, and it would not be at all out of the ordinary for you to make this request.

The next step in buying paper direct is to request statements on certain selected names for the past and possibly several preceding years. It is also well to ask the salesmen for operating details such as sales, net profits, dividends, insurance, contingent liabilities, losses by bad debts, etc.; and some idea of the present and past standings in the open market as well as bank lines is important. In practically all cases, as you may know, a concern should have sufficient open bank lines to care for its outstanding open market paper. If the salesman cannot furnish these details and you are sufficiently interested, you should write to the broker direct. Very often the broker will be able to furnish you with all of this information as well as to give you the results of his last revision, covering trade payments and bank opinions.

Having part of the suggested data before you, at least the statements, it will not be difficult to make a tentative analysis of each statement. In this connection it is well to segregate the actual quick assets and current liabilities from the other items. If sales are given, you can fairly well judge whether merchandise or receivables are too large, and you will, of course, not want paper where the indebtedness is unduly large or, in fact, where any item seems particularly out of proportion. Also, you will wish to ascertain whether the slow assets have been increasing year by year whereas the working capital and possibly surplus (tangible net worth) have been on the de-

crease. You will likewise have to know something about the type of business under consideration and general conditions surrounding it. As an example, were you analyzing the statement of a wholesale grocery located in the South, where conditions have been rather unfavorable, you would no doubt be justified in somewhat discounting the value of the receivables and would be interested in knowing how merchandise plus cash compared with current liabilities.

Having picked out certain names which you feel are worthy of taking under option, your next step will be to write the banks having the account. Letters received in reply to those addressed to your own correspondents (and we would suggest always writing one or two of them) will also be helpful. These banks, if they do not already have the information, will be glad to investigate the name for you, and where you so arrange with them make definite recommendations as to the desirability of the paper. The large city banks maintain credit departments with all facilities for gathering and analyzing detailed and late information and their opinions should be of value. In this connection, it might be well to ask your New York or Chicago bankers to send you a list of fifty or sixty of the best names every three or six months, so that you would have somewhat of a tentative guide to go by in making your selections.

Another source of information is that furnished by some of the well-known agencies. There are several of them which specialize in commercial paper reports, and as they have high class investigators on the street constantly keeping their files up to date, we believe that these services merit some consideration. The reports furnished are often quite lengthy, covering history, management, affiliations, bank connections of the concern, trade checkings, comparison and analysis of statements, and lastly an opinion of the risk.

Having followed the foregoing suggestions you will possibly have written from two to six letters on each name, but we believe that the results will be worth the effort; and at practically a nominal expense you will have obtained quite complete checkings and some first class opinions. Lastly, we feel that a good understanding with your city correspondent is essential and that if you keep a satisfactory account the service rendered by the city bank's credit department will more than recompense you, and will relieve you from a vast amount of worry as to your investments.

QUESTION: Will you please explain how the importation of goods is financed on an acceptance basis under a letter of credit? I have read different pamphlets on the use of acceptances, but have never quite understood the sig-

nificance of their use in connection with importations.—H. G. M.

ANSWER: Bankers' acceptances may arise from five fundamental transactions, namely, importation of merchandise, exportation of merchandise, domestic goods in transit, carrying of staple goods in warehouse, and to create dollar exchange. To fully explain the use of acceptances in financing any of these transactions would necessitate going into considerable detail, but, as you probably already have a general understanding of the subject, we believe that the simple setting forth of the more important details of an import transaction will cover the purpose and answer your question.

Assuming that John Blake of New York has purchased some goods from Brown & Co. of Harrow, England, to whom Blake's credit standing is unknown, his first action is to arrange with some bank to finance the transaction. To do this, Blake goes to his New York bank and makes application for a letter of credit. This application covers such details of the proposed import transaction as limit of amount, length of time that drafts are to run and various other points. Blake then signs an agreement which briefly states that if the bank will accept the drafts drawn in accordance with the letter of credit, he will reimburse the bank when the drafts come due. The bank thereupon sends the original copy of the letter of credit to the exporter in England, authorizing him to draw upon the bank at, say, ninety days' sight, for the amount involved. By this action the bank promises to pay the draft if the required documents are attached and if all terms of the letter of credit are fulfilled. The exporter, upon receiving this letter of credit, ships the merchandise, draws a draft at ninety days' sight on the New York bank, and attaches thereto the shipping documents, such as bills of lading, invoice and whatever else may be required. This draft he then sells to his local English bank at the current rate of exchange for such drafts and the exporter from then on retires from the transaction. The bank which has made the purchase sends the draft and documents to its London correspondent, which in turn sends them on to its New York correspondent. This latter bank presents all papers to the New York bank which originally issued the letter of credit, and this bank accepts the draft and detaches the documents. By accepting this draft, the bank obligates itself to pay it when due. The bank which presented the draft may then either hold the acceptance until maturity or it may be sold in the acceptance market, and the proceeds converted into sterling and remitted to the bank abroad.

After accepting the draft, the bank retains the documents and has the option of releasing them to its customer, John Blake,

in trust, or it may require him to take up the documents against payment, such action being dependent upon the customer's credit standing. Usually, however, in such transactions, the release is made on trust receipt, which obligates the customer to turn over the proceeds from the merchandise to the bank as soon as he receives them, the bank holding such proceeds as collateral for its outstanding acceptance. In case the customer does not fulfill his agreement to reimburse the bank on or before the maturity

of the acceptance, the bank is, of course, obliged to pay the acceptance from its own funds. Any bank which issues a letter of credit such as above described should, therefore, have confidence in the character and financial ability of the customer, and the element of good credit standing is not to be overlooked. The person buying an acceptance in the open market does so because of the good name and standing of the accepting bank, and this type of paper is looked upon as a high grade short time investment.



Larger Results From Booklets

By W. R. Morehouse

Vice-President Security Trust and Savings Bank, Los Angeles

READERS of the October number of THE BANKERS MAGAZINE will doubtless recall that I drew their attention to the publication of a series of educational talks on banking. This series ran for thirty-five days in a Los Angeles newspaper under the title of "Side Lights on Banking." The series is now being printed by newspapers all over the United States. Thousands of copies in booklet form are being distributed to the public. "Rise Above the Crowd" is the newest booklet of a series of twelve which I am planning to write, and which first appeared serially in a daily newspaper of wide circulation, under the title "Banker's Talks to Young Men." Like the former series, it has demonstrated the value of first publishing the contents of a booklet in serial form, thus creating a great demand for the booklet even before it is on the press.

The new booklet is addressed to workers and young people starting in work. It shows them how they can make better progress, how they can prepare themselves for promotions, how they can make friends and hold them, why they can succeed better by working with successful persons than by "knocking" them, why it is a losing game for them to shift from firm to firm

and usually a winning game to remain with one successful firm over a period of years.

Over 25,000 copies of this booklet have been distributed in Los Angeles within thirty days. Its popularity is not confined to employers, but employees as well.

The reason for this popularity was due to the fact that its contents were first published serially in one of the leading newspapers. Four newspaper announcements endorsing it and calling attention to its appearance in booklet form aroused an interest among thousands of readers, even before the first of the series appeared in the newspaper. With the publication of the first article manufacturers, corporations and business men began writing in and asking if additional copies could be had in some form suitable for distribution to their employees. When advised that the articles would be published in booklet form, a manufacturer of clothing asked for 800 copies; a telephone corporation, 2000 copies; a furniture company, 1500 copies; a railroad, 750 copies, and Ford's local assembling plant, 400 copies, with numerous individuals requesting from one to ten copies of the booklet.

If a bank can place in a few days in

BANKER'S TALK TO YOUNG MEN

Morehouse Tells How to Avoid Early Mistakes

LOYALTY

This is the sixth of a series of twelve articles written expressly for the Los Angeles Express and particularly addressed to the young men of this community.

By W. R. MOREHOUSE

Vice President Security Trust and Savings Bank, Los Angeles, Calif.

ONE of the dominant characteristics of every successful student should be loyalty to his teachers and his school. Show me a student who lacks this loyalty and I will show you a student who is making as much work as he can to

must sacrifice his accuracy in order to develop speed, it is far better that he attain less speed.

COMES WITH PRACTICE

Accuracy, like speed, often comes only after months of the most persistent practice, and while a student never overvalues accuracy in his work, he must develop

Presently the leader issues another defying challenge to the fleeing prey, only to be followed by his companions in turn. In this pack of hungry wolves we have just one wolf who is a leader, all the others being imitators only. If you are to be a leader in your school, in business, in your social life, you must app

As the articles appeared in the newspapers

the hands of salaried people 25,000 booklets of helpful information, how much more efficient is its work than if it followed the customary method of distributing an occasional booklet now and then over a period of years. I can see no reason why a bank should not make its booklets popular with thousands of people, and if it can create this popularity in a week's time, it seems to me that this is the most successful way to handle booklets. What a bank should aim to do is to get the people of its community to talking about the booklet, praising it, writing in for it, commending it to their friends. In the case of this new booklet, "Rise Above the Crowd," the bank has gained the good will of employers of a large number of people by placing it in their hands for distribution to their employees. By placing these helpful suggestions in the hands of workers, it has also gained their good will.

LARGER RESULTS FROM BOOKLETS

Probably not one-half of our banks have any definite plan of distributing booklets. At the same time they are buying booklets in large quantities. In many cases the booklets are bought because from all appearances they are suited to a certain situation, and the buyer assumes that they will produce results that will justify him in purchasing them. He is perhaps least con-

cerned as to any method of distributing them where they will be effective. It has been my experience that it is not a safe plan to buy booklets without first having a well worked out method for distributing them. To use an old saying, I have always felt that if I should buy booklets before I knew how to distribute them that I was "getting the cart before the horse." To my mind it would be just as sound reasoning for a person who is about to build a house to go first and buy so many shingles, so much siding, so much flooring, so much plaster and so many bricks, and then to get his pencil and paper and draw the plans of a house that would use just the material he had bought. The point is, the only safe rule in using booklets is to first know what use you expect to make of them, how you are to distribute them and the number you can use effectively before you place your order.

What has been said about the present way of handling booklets is just as true about mailing lists. Thousands of dollars are wasted annually in making up mailing lists for which the bank has no particular use. Again, the only safe rule is to work out a plan first and then if you find you can use a mailing list to good advantage, assemble it, but not until this important point has been decided.

The market is flooded with good booklets on most any banking subject,

which, if they were properly distributed, would produce large results, but, if kept on the shelves, are valueless. As already stated, booklets are fre-

When the proper time comes and the indications are that a booklet can be used to advantage, take plenty of time to plan how it is to be used, and how it is to be distributed—and not until you have satisfied yourself on these points, place your order. After it has been filled, then watch your stock and occasionally check up on the balance on hand. The tendency is for banks to hold back on distribution for fear that their supply will be exhausted. Fundamentally this is wrong, for booklets are of no value until they are placed in the hands of the public. It is also a good plan to watch your stock of seasonal and timely booklets to insure that they do not become out-of-date on your shelves. If they are not moving fast enough, some plan should be devised that will increase distribution. So far as possible create a demand and interest in your booklets, even before they are printed, by running the contents serially in your local newspaper, and then order according to your demands, which will insure that there will be no loss owing to booklets that would otherwise be left on your hands.

Readers of THE BANKERS MAGAZINE who read the article in the October number, and who have read some of the sections of the booklet described herein, will recognize the fact that both treat with very popular subjects.

I am now preparing a new booklet which will deal with transactions between the bank patron and his teller. In it I hope to present the teller in as favorable a light as possible by emphasizing his human side, and in this way give the customer a higher appreciation of the man who serves him at the bank window. This material will first run serially, and will then be printed booklet form for free distribution.



Cover page of one of the booklets

quently bought with no definite plan of distribution in view, and for this reason I venture to say that if an inventory was made of the faded, soiled, obsolete and out-of-date booklets to be found on the shelves of many banks, the loss represented by their costs would run into the hundreds of thousands of dollars.



What Next in Europe?

By Frank A. Vanderlip

UNDER this title Messrs. Harcourt Brace and Company of New York have recently published a book that contains one of the clearest discussions of the present problem in Europe thus far contributed by any American observer. Mr. Vanderlip has not only enjoyed unusual opportunities of meeting the Finance Ministers and leading statesmen and men of business in Europe, but he combines in his own experience and training qualities which render him an exceptionally trustworthy observer of economic conditions.

In dealing with the important contribution he has made to a better understanding of the European situation, the temptation arises to make numerous and lengthy quotations from his book, but it will be found more satisfactory for the reader to make a careful study of the book and thus obtain the results of Mr. Vanderlip's studies in full.

There are some features of the book, however, of especial importance, of which it is desired to take note. With the present disposition of the United States to listen to the wiles of the inflationists it is especially instructive to read what Mr. Vanderlip has to say on this subject:

"If I were an incarnate devil whose sole objective was to bring upon human beings a reign of injustice and misery, and could use only on instrument for that purpose, I should choose a government printing press. With it I could bring about a chain of evil events which would paralyze industry, make a mockery of thrift and effectively undermine morality. It is difficult for anyone who has not experienced the evil results that inevitably follow prolonged inflation to comprehend what a diabolical instrument is the currency printing press.

"If one were to attempt to make a catalogue of the results of the great war, I believe that on the credit side so few items might be entered that the page would be almost blank. But there

is one result that should be of untold value to the future of America. The awakening of all men's minds to the worth of a stable standard of value and an apprehension of the untold evils that any people must encounter who try to



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FRANK A. VANDERLIP

take the apparently simple course of filling the gap in the national budget by the printing of paper money will be a great gain if we have learned the lesson."

His chapter on inflation might well be made a text for study in our colleges and universities, and its conclusions ought to sink deeply and permanently into our national economic life.

Regarding the reparation due from Germany Mr. Vanderlip says:

"They ought to pay. They ought to pay to the last mark that is possible in

reparation of the awful damage done." He nevertheless modifies this vigorous statement to some extent by contending that France has taken measures which make full payment impossible.

Mr. Vanderlip does not consider the peace treaties as well conceived. He says:

"My feeling is that the various peace treaties that were written in Paris contained much that was unjust and unsound. Magnanimity was wholly lacking. The treaties were dictated in a spirit of reprisal, revenge and selfishness, and in economic blindness. The evils that flow from those unhappy facts are injuring Europe more seriously than did the war itself."

In analyzing the economic situation in England, while Mr. Vanderlip pays a deservedly high tribute to England's commercial honor and skill, he nevertheless does not regard the situation in that country as satisfactory. It will be instructive to quote his leading observations on this subject.

"The most superficial observer could not miss the fact that business conditions in England are at the moment distinctly unsatisfactory. There is a great deal of unemployment. More than a million and a half people are receiving unemployment doles and perhaps one million more are working on short time.

"England is at the present time in the midst of an industrial and economic crisis. Her foreign trade, which is vital to her business prosperity, is comparatively stagnant. This has occurred in spite of her commercial experience, which is superior to that of any other people, and in spite of her genius for foreign trade, in which she has been schooled through generations. In the face of the economic difficulties that have resulted from the war, she is still admitted to have the greatest genius in the world for international commerce.

"The prestige of England is one of the substantial facts of our modern world. Everyone believes in the soundness of English experience, and in the ability of Englishmen to master difficult situations. For more than a century the trade of England has been dominated by a standard of commercial

honor that has built up for her industries and her merchants the highest degree of world confidence. Her prestige is so great that I find in considering the economic outlook of England one is disposed to take too much for granted; there is a disinclination to examine fundamentals as one would in other countries. It is easier to assume that England has always stood in the forefront of industrial and commercial nations and that she will always stand there. It seems to me almost a kind of commercial sacrilege to raise any question of the essential security of the economic position of Great Britain.

"My admiration for British character, achievement and ability is very great. I have the highest regard for English experience and a firm belief in the sound common sense of the whole English people. I am convinced that if America had a tithe of the knowledge and experience of the English commercial world she would seize the commercial and financial opportunities that are scattered everywhere about her, and place herself rapidly and firmly in the forefront of the world's financial forces. But in spite of the record and prestige of England, I believe the time has come when one should not allow the position which she has occupied and still occupies to close one's eyes to the necessity of a further examination of the economic basis upon which the future of Great Britain rests."

Mr. Vanderlip takes a thoroughly sound view of the Allied debts to the United States. On this subject he says:

"So far as America is concerned we should do nothing which will stimulate quibbling as to the basic fact of the obligations. We loaned American dollars. They were raised under the greatest pressure from our people. It was at the time regarded by no one as part of our war contribution. That contribution was made in full measure and in ample amounts when we spent directly, as we did, eighteen billion dollars, and when we moved two million men over three thousand miles of water to the battlefields. The loans are matters of honor between our associates and the treasury of the United States. At the time these

loans were made, not the slightest suggestion was raised casting doubt as to the nature of the obligations which were created. They were unequivocal obligations to repay.

"America for many years to come will be the great world reservoir of capital. If our first great adventure in granting international credit were to have the unhappy conclusion of repudiation by our debtors, that reservoir of capital will be sealed in the future to any further flow in the direction of Europe. It would be inconceivable that American investors, should they find that foreign obligations are so lightly regarded as to be repudiated when their payment becomes onerous, will again go into their pockets to find funds for future international loans. That is a point to which European debtors may well give thought. In the rehabilitation of Europe there will be need for American capital. No action should be now taken by European nations which will cut them off from their only important source for the future supply of international loans."

"I put to one of the most distinguished English statesmen of the present day this general problem of war cancellation. I asked him what, in his opinion, we ought to ask for canceling our claims against the Allies, as he strongly felt we should do. His reply showed the objectivity of the British mind.

"His proposal was that the American Government should say to the Allies that the Allied indebtedness will be cancelled provided the Allies will in turn reduce by the same amount their demands upon Germany for indemnity.

"Such a proposal seems to me to be without sound principle. If the indemnity is too high, if its terms are impossible of fulfillment, the Allies have it quite within their power to reduce it. No more futile proposal could be made to America from a political point of view than to suggest the purchase by the cancellation of our debt of a reasonable attitude on the part of the Allies toward Germany. It would be to purchase something which is obviously in the interests of the Allies to adopt;

failure by the Allies to adopt such a course promises to be followed by such contagious financial decay that the Allies must act promptly, or quickly feel the heavy weight of the consequences. Why, then, should we purchase this wiser attitude at the expense of canceling our just claims?"

He realizes, however, that the payment of the Allied indebtedness or even the interest would give rise to grave economic problems, and makes the following suggestion as affording a means of escape from the dilemma which would be created if the debts or the interest thereon were paid.

"I would have America make a grand gesture in international relationships. While demanding that the payment be made, I would have America say that she is prepared for the present to forego the receipt of it. That is how the consequences of the paradox may be avoided.

"What then shall we do with it? I would like to see every dollar that can ever be paid to us by our debtors for years to come devoted to the rehabilitation of European civilization. It is only through the rehabilitation of European civilization that these debts can ever conceivably be paid. It is only through the rehabilitation of European civilization that America can ever conceivably realize in full measure her destiny, or can expect a full measure of prosperity of her people.

"I would bring a spirit into the affairs of distressed Europe which would promise a revival of hope, a renewal of courage, a stimulation of industry.

"There is today a pall of cynicism, of national hatred and of disbelief in the sincerity of friend and foe alike, which makes the start toward rehabilitation almost impossible.

"Let us now soberly examine what it is that we might do.

"Large sections of Europe are backward, judged by our standards. Backward though they may be, they are bursting with latent possibilities for development. A study of Eastern Europe has aroused in my mind a vivid program. I believe a plan for the development of Eastern Europe could be

laid out which might well be compared to the vision our forefathers had when the latent possibilities of our great West were unfolded to their minds."

While the tone of the book throughout is by no means hopeful, Mr. Vanderlip was nevertheless enabled to discern what he considered an important spiritual development as taking place in Italy. He says:

"This new spiritual development, of which I thought I could detect a good many unrelated expressions in Italy, is not working along the lines of established creeds. It seemed to be an effort to stimulate tolerance, esteem, reciprocal good will, and to revive the ideal of brotherhood. It seemed to be not only a refreshing belief in the spiritual side of man, but a determination to transfer that spiritual power into a living force. When I left Italy I felt that it might grow in intensity until it lighted the darkness that is spreading over the continent of Europe."

No brief notice of this book can possibly convey to the reader the sound and clear message which it contains regarding the political and economic conditions of Europe, and the proper relation of the people of the United States to these important matters. Very many of the books recently written about Europe have a decidedly pro-German leaning, and are moreover filled with deductions which show either deficient judgment or exceedingly shallow economic training. It is refreshing to contrast with such untrustworthy guides the remarkably clear and sound exposition of conditions given by Mr. Vanderlip, and the entirely safe conclusions which he reaches in each particular case.

No one who wishes to get a correct idea of the economic situation at present existing in Europe should fail to read Mr. Vanderlip's book.



Book Reviews

A REVISION OF THE TREATY. By John Maynard Keynes, C.B. New York: Harcourt, Brace & Co.

This volume, the author states, has been prepared as a sequel to "The Economic Consequences of the Peace," published in 1919. It presents the facts about the reparations provided for in the Treaty of Versailles, with the modifications of the several subsequent pacts.

Mr. Keynes makes an able argument for a reduction of the sums Germany has been called on to pay. He considers much of the Allied demands as "unjust" and "dishonorable." He proposes certain settlements to be offered France "on one condition only—that she accepts it. But if, like Shylock, she claims her pound of flesh, then let the law prevail." He speaks of the United States "exacting" payment of the Al-

lied debts. His conception of international politics is thus expressed: "International politics is a scoundrel's game, and always has been."

And here one gains his real mental attitude toward America.

"The average American, I fancy, would like to see the European nations approaching him with a pathetic light in their eyes and the cash in their hands, saying, 'America, we owe to you our liberty and our life; here we bring what we can in grateful thanks, money not wrung by grievous taxation from the widow and orphan, but saved, the best fruits of victory, out of the abolition of armaments, militarism, empire, and internal strife, made possible by the help you freely gave us.' And then the average American would reply: 'I honor you for your integrity. It is what I expected. But I did not enter the war for

profit or to invest my money well. I have my reward in the words you have just uttered. The loans are forgiven. Return to your homes and use the resources I release to uplift the poor and the unfortunate. And it would be an essential part of the little scene that this reply should come as a complete and overwhelming surprise."

If before writing this paragraph Mr. Keynes could have seen the law recently passed by the American Congress prohibiting the cancellation of any part of the Allied debt due the United States, he might have escaped writing anything quite so ridiculous.

In pleading Germany's case Mr. Keynes shows himself to be a keen and clever advocate of a bad cause.



GREATER ROUMANIA. By Charles Upson Clark, Ph.D. New York: Dodd, Mead & Co.

This book deals with Roumania's wealth, landscape, the customs of the people, and the part which the country played in the great war. It has chapters on history, art, literature, politics, banking and railroads—all extensively revised by Roumanian experts and illustrated with new maps and numerous important documents. It constitutes a standard work of reference in English for a country now of first class importance.



INTERNATIONAL FINANCE AND ITS REORGANIZATION. By Elisha M. Friedman. New York: E. P. Dutton and Company.

The aim of this book is to present a concise account of the financial changes in Europe during and since the war, and a summary of the proposals for financial reconstruction. It covers the period from 1914 to 1921 and treats the questions of foreign exchange, banking and public finance with reference to the three major belligerents. The different methods of war finance of England, France and Germany are compared and appraised, and an attempt is made to

outline the respective prospects for the future, and the measures taken or recommended to hasten the return of stable conditions.

Covering as it does ground not elsewhere adequately treated, the book will be of immense and permanent value to all those interested in public or private finance, whether as students or as business men.



EUROPE—WHITHER BOUND? By Stephen Graham. New York: D. Appleton & Co.

From a pilgrimage through the capitals of Europe in 1921, Mr. Graham has made up an interesting picture of what he saw and heard. These first-hand observations on conditions in Europe are illuminative and instructive and will help one very much in getting a clearer view of the mental attitude of the respective countries.

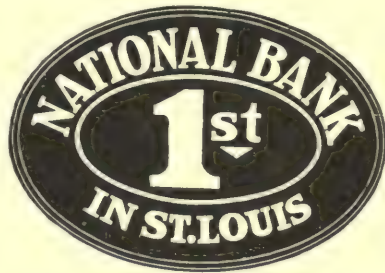
Many of the books written about Europe are exceedingly tiresome, but this one does not belong in that class. It holds the interest of the reader from cover to cover.



INCOME IN THE UNITED STATES. By Wesley C. Mitchell, W. L. King, F. R. Macauley, O. W. Knauth. New York: Harcourt, Brace and Company.

A brief and fascinating summary of an exhaustive statistical analysis of the income of the American people for the last decade. Some of the questions answered are: What has been, year by year, the aggregate money income of the nation? What part of the changes in this aggregate are due to fluctuations in prices and what part to fluctuations in the production of goods? How is the aggregate income divided among individuals? What proportion of the whole income goes to wage and salary earners? What changes does this proportion undergo? How does per capita income in the United States compare with that in other countries?

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**The BANKERS
MAGAZINE**

SECTION

Review of the Month

The Business Situation Throughout the Country as Reflected in the Opinions of Banks and Bankers

"DURING the last month," says the March bulletin of the Federal Reserve Board, "improvement of conditions in several basic industries has furnished a more hopeful prospect for the trade of the coming months. This better outlook has in some measure been offset by labor and other difficulties in the textile industry, which have resulted in reduced activity in that branch of business." The bulletin continues:

Fluctuations in the price of raw materials have subjected the textile trade to still further difficulty, while in that industry, as well as in others, the lack of forward orders has made it difficult to plan policies far in advance. Fairly good conditions are reported in the shoe and leather industry, although improvement has been largely confined to New England. There has been distinct increase in the activity of the plants of the United States Steel Corporation as well as some increase in the activity of independent mills. Iron and steel prices have, however, tended to decline, or at best to hold their own, rather than to advance. In the chemical industry business activity has been given a severe setback as a result of uncertainty as to the future. In the nonferrous metals, especially copper, there has been a distinct increase in production with the reopening of mines, which had been shut down for a long time past.

The net outcome of these changes has been to diminish the irregularity and unevenness noted in the movement of industry during 1921. Textiles and allied lines which have been far in advance of others are losing their relative momentum. The evening tendency thus evidenced by current readjustments is reflected in the fact that the board's price index remains unchanged at

138. The significance of this apparent stability of the price situation is not disclosed until account is taken of the fact that there have been noteworthy advances in prices of many agricultural products during the month. The effect of these advances would have been to raise the general price index had they not been offset by corresponding price declines in other lines of industry. The readjustment process, it would appear, has now definitely reached the stage of interindustrial price revision.

The advance in value of agricultural products has tended to create conditions materially facilitating both the liquidation of loans at banks and the rapidity of movement of products to market. The more satisfactory marketing and price conditions have not only extended to grain, but have also included tobacco and other products. Early crop reports from the southwestern grain regions have not been altogether reassuring.

The long-continued slackness of employment and past uncertainty as to agricultural prices have produced an effect upon trade activity, with the result that both wholesale and retail trade indexes are disposed to show recession of buying in most parts of the country save for seasonal activity in special lines, such as dry goods. Although betterment of retail demand has been reported in the farming districts, the effect of higher agricultural prices has not yet brought about any considerable modification of conditions. It should, however, be remembered in this connection that the farmer had already largely disposed of his last year's crop.

The volume of employment (another important factor in influencing demand for goods) shows but little modification, although figures reported by the United States Employment Service indicate a slight advance. This condition, however, holds good chiefly in the population centers. Strikes in the textile region of New England as well

as labor troubles elsewhere have during the latter part of the month of February tended to aggravate the unemployment situation.

Continued improvement is noted in building operations. As compared with last year the volume of building is very much larger, January permits being more than double what they were a year ago. This is resulting in an increased demand for steel and iron products as well as for other materials. It has also increased the demand for labor in parts of the country where the surplus of unemployment would otherwise have been more considerable.

Financially the month has shown continued reduction in the volume of credit required by the community. Portfolios both of reserve and member banks show still further reduction, while interest rates have remained fairly stable at the levels already reached. Foreign exchange has shown a decidedly stronger tendency, the highest levels for a long time past having been reached in sterling, francs, and some other European currencies. Business failures are on a materially higher level than in 1921, while the month of February, as previously predicted by commercial agencies, also shows an increase in commercial failures as contrasted with January.

CREDIT FACILITIES FOR AGRICULTURE

Referring to proposals recently made to provide new credit facilities for agricultural interests, the current issue of *The Index*, published by the New York Trust Company, calls attention to an all-important difference between the proposals of the Joint Commission of Agricultural Inquiry, and the results of the recent Agricultural Conference, as follows:

The committee appointed by the conference to consider the matter suggested the extension of the rediscounting privilege to a new class of agricultural paper by the Federal Reserve banks. The Joint Commission, on the other hand, recommended the setting up of separate departments in the Federal Land Banks, for the purpose of rediscounting agricultural paper having a maturity of not less than six months and not more than three years, the paper thus taken to be made the basis of issues of short-term securities to be sold to investors.

This proposal would seem to have the merit of proceeding along sound lines and if adopted and used to any great extent would draw credit from new sources, i. e., investors in short term securities, who would provide new funds, attracted by the proper security for their money together with an attractive rate of interest. This plan would avoid the drawing of too great a proportion of funds from commercial banks, whose assets should in large be more liquid.

Such a plan does not imperil the integrity of the Federal Reserve System nor would it place the farmer in the favored position of drawing on the United States Treasury. He would be competing for credit in the open market and would get his share, depending on the attractiveness of the security offered. He would have to put himself on a business basis as to payment of loans and be prepared to liquidate his paper at maturity whether or not the market price of his products was sufficiently high to reimburse him.

If farmers in general are prepared to adopt these methods of doing business and will be satisfied with businesslike and proper banking methods as applied to their finances there is no reason why such a plan should not succeed.

SOURCES OF CREDIT AVAILABLE

The Index calls attention to the many sources of credit now available to agriculture, including:

1. The Farm Loan Board, supervising
 - (a) Federal Land Banks providing long-term loans on farm first mortgages,
 - (b) Farm Loan Associations lending on farm mortgages to their members funds derived from Federal Land Banks,
 - (c) Joint Stock Land Banks, authorized under the Farm Loan Act, lending on farm first mortgages.
2. War Finance Corporation, offering short-term credits up to \$1,000,000,000 direct to producers of, or dealers in, agricultural products, or indirectly to them through financial and coöperative institutions.
3. Federal Reserve Banks offering rediscount privileges to member banks on agricultural paper having a maturity of not more than six months.
4. Member banks and trust companies offering the usual credit accommodations in their own communities and through correspondent banks.
5. Non-member banks and trust companies offering the usual credit accommodations in their own communities and through correspondent banks.
6. Cattle loan organizations.
7. Farm mortgage companies.
8. Insurance companies, mutual, stock and fraternal organizations lending on mortgage.
9. Investment bankers arranging farm mortgage loans for private investors, and bond offerings based on mortgages.
10. Merchants, factors and buyers advancing funds and credits against growing crops and other farm products.
11. Private individuals investing direct in farm mortgages.

Even this long list of the sources of credit now available to agriculture takes no ac-

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count of the general credit facilities indirectly made available to agricultural interests, among others, by the open market operations of the Federal Reserve banks.

THE FARMER'S INCOME

The farmers of the United States in 1918 and 1919 reached an unprecedentedly high level of total income, as compared with the rest of the gainfully employed. This is true, whether comparisons are made on the basis of absolute income, or of purchasing power in terms of the dollar's power in 1913. Then, suddenly, in 1920, the farmer's share in the national income, in terms of pre-war price-levels, dropped to a point below that of any previous year in the decade 1910-1920. This fact is disclosed in the report of the National Bureau of Economic Research, now in press.

The report says:

The farmers, who represent about 6,450,000, or 16 per cent., of the gainfully employed, have received during the past decade a share in the total national income varying between 12.3 in 1911 and 17.4 in 1917

and 1918—until 1920, when it dropped to 10.9.

The farmer's share, in billions of dollars and per cent. of the total, is estimated by the Bureau to have been in each year, beginning with 1910, as follows:

	Aggregate of individual incomes	Farmers' income	Per cent. of total received by farmers
1910.....	\$30,000,000,000	\$3,950,000,000	13.2
1911.....	30,200,000,000	3,700,000,000	12.3
1912.....	31,500,000,000	4,000,000,000	12.7
1913.....	32,500,000,000	4,200,000,000	12.9
1914.....	32,200,000,000	4,200,000,000	13.0
1915.....	34,300,000,000	4,700,000,000	13.7
1916.....	41,800,000,000	5,800,000,000	13.9
1917.....	50,700,000,000	8,800,000,000	17.4
1918.....	60,200,000,000	10,450,000,000	17.4
1919.....	64,700,000,000	10,850,000,000	16.8
1920.....	*65,800,000,000	7,200,000,000	10.9

* Approximate.

The final figures for the total income in 1920 can at present be given only roughly since the income tax returns have not yet been published.

When these figures are translated into terms of the purchasing power of "1913 dollars," it is again seen that the purchasing power of the farmers was at its lowest ebb in 1920. Here are the comparative figures in billions of dollars:

Farmers' income at
the uniform pur-
chasing power of
1913

1910.....	\$4,010,000,000
1911.....	3,780,000,000
1912.....	4,040,000,000
1913.....	4,200,000,000
1914.....	4,170,000,000
1915.....	4,590,000,000
1916.....	5,100,000,000
1917.....	6,450,000,000
1918.....	6,500,000,000
1919.....	6,100,000,000
1920.....	3,500,000,000

The per capita income in the country as a whole and the per capita income of the farmers, both measured in dollars of 1913 purchasing power, were as follows:

	Av. income in 1913 dollars of all gainfully employed	Av. income in 1913 dollars of farmers
1910.....	\$940	\$631
1911.....	923	593
1912.....	939	624
1913.....	955	657
1914.....	932	652
1915.....	1000	717
1916.....	1006	795
1917.....	1025	1004
1918.....	941	1011
1919.....	938	947
1920.....	*850	543

* Approximate.

It will be seen that in the first years of the decade, farmers' incomes were considerably less than the average of the gainfully employed. In 1917-19 they were about the same. The farmers were, however, hit much harder by the 1920 fall in incomes than were the rest of us.

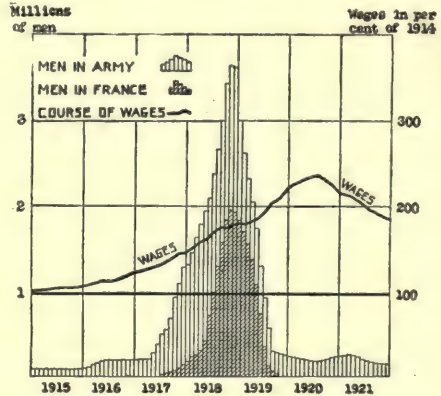
SOME FACTS ABOUT THE BONUS

On the subject of the bonus legislation pending in Washington, the bulletin of the Cleveland Trust gives the following facts, with accompanying diagram:

More than four millions of our young men served in the armed forces of their country during a period when wages in civilian life were exceptionally high. It is argued that their military service prevented them from enjoying the advantages of this period of exceptional prosperity, and so it is now proposed to compensate them in part for the opportunities they missed by granting them additional payments for their military services. An enormous sum of money would be required to meet these payments, and there is much discussion as to the sources from which it could be secured.

The accompanying diagram shows the essential facts involved. It is in reality two diagrams superimposed one upon the other. The upright columns show the number of men in the army each month during the past seven years. The portions of these columns that are cross-hatched indicate the number of men serving in France. Running

across the diagram is a line showing the general course of wages during these seven years. This line is based on a properly weighted average of official data, giving the rates of wages in manufacturing industries, the building trades, railroad transportation and agriculture. The wages paid in 1914 are taken as equal to 100, and the average wage for every succeeding month is ex-



Men in the army and course of wages during the past seven years

pressed as a percentage of the wage prevailing in 1914.

The average man served in the army about one year, and for most of them the period of military service began early in 1918 and terminated in the spring of 1919. The great increase in wage rates came after most of the men had left the army. The peak prices paid for labor were reached in the summer of 1920. The increase that took place in wages during the year after the average soldier or sailor returned home was far greater than that which occurred during the year that he was in the service. Even in shipbuilding, with its high wage rates, more work was done in 1919 and 1920 than in 1917 and 1918.

The fact is that, taking the country as a whole, the opportunities for securing the highest wages came after the war and not during it. They came moreover at a time when there was practically no unemployment. The arguments brought forward in support of the bonus are in conflict with the facts.

STATE AID FOR WORLD WAR VETERANS

As a matter of general information, and not as an expression of any opinion of the bank, pro or con, on the bonus question, the Bank of America, New York, gives figures, based on a nation wide survey, showing the aid that various states have given, are giving, or

plan to give the World War veterans. A report based on this survey and sent out by the bank says that:

Cash bonuses totaling \$191,339,200 are being paid to veterans of the World War in thirteen states and \$156,500,000 more in "adjusted compensation" will be disbursed under legislation already passed. Ohio is the only state now paying bonuses which was not paying them in August, 1921, when the Bank of America made its first survey on this subject. Missouri will be ready to distribute \$15,000,000 in a few weeks. Every state in the Union, excepting Alabama, Georgia and Mississippi, has passed legislation giving or authorizing aid of some nature for war veterans, either in the form of cash bonuses, monetary aid or relief, exemptions or other benefits. New York is the only state in the country which was preparing to pay bonuses last August which has since been forced to abandon the plan because of adverse court opinions.

From \$10 for every month of service in Massachusetts, Missouri, New Jersey, Ohio, Vermont and Wisconsin up to \$25 a month in North Dakota is the range of money bonuses being paid. A number of the states specify maximum limits to adjusted compensation for each veteran, varying from \$100 in New Jersey to \$500 in Oregon. Maine, Massachusetts, New Hampshire and Rhode Island have "adjusted" veteran's compensation to the extent of \$100 outright in cash. Other states in which cash bonuses are being paid are Michigan, Minnesota, South Dakota and Washington. Many of the states have practically completed the work of disbursing the bonuses while the time limit for application in Maine expired with the end of 1921.

Referendum elections are to be held in a number of states to vote on cash bonus propositions. Next November Illinois will pass on the proposal of a \$55,000,000 bond issue to pay its veterans \$15 per month of service up to \$300; Kansas will vote on a \$25,000,000 issue to provide \$1 a day for veterans' war service, and Montana will decide on \$4,500,000 to pay its veterans \$10 per month of service, \$200 maximum. In November, 1923, Iowa's voters will consider the issuance of \$22,000,000 in bonds for the purpose of paying its veterans 50 cents per day of service up to \$350. In November, 1924, if the legislature again passes a bill on the subject, Pennsylvania will vote on a \$35,000,000 bond issue to pay its veterans at the rate of \$10 per month of service up to \$200 maximum. Legislation on this subject is reported as pending in California (\$18,000,000 bond issue), Colorado, Kentucky (\$10,000,000), Florida and New York. In Delaware, Indiana, Maryland, Oklahoma, Tennessee, Texas and Utah, legislation on bonuses has been brought in, but has so far failed of passage.

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Sav. Inst. of Sandy Spgs., Sandy Springs, Md.
Nat'l Bank of Orange County.....Goshen, N. Y.
Windsor Savings Bank.....Windsor, Vt.
The Clarkston State Bank.....Clarkston, Mich.
Hillman Coal & Coke Company, Pittsburgh, Pa.

Hartford Trust Co.....Hartford, Conn.
Federal Reserve Bank.....Kansas City, Mo.
(Collection Car)
Fed'al Res. Bk. of St. Louis, Mo. (Collection Car)
The Peninsula Banking Comp'y, Peninsula, O.
First National Bk. of Bernville, Bernville, Pa.
The Farmers Nat. Bk. of Freeport, Freeport, Pa.
State Bank of Salem.....Salem, Ind.
Citizens National Bank.....Laurel, Md.

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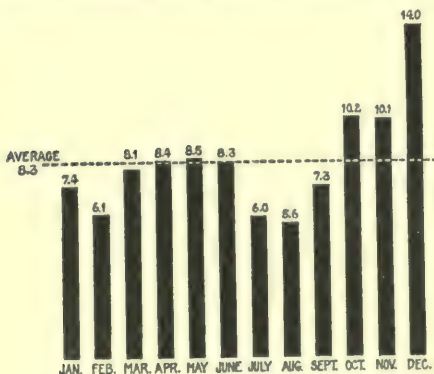
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Philadelphia, Pa.

the money distributed as bonuses are being spent by the states in other aid for veterans. Relief for needy ex-service men and women is provided for in fifteen states; funds out of which loans are made to veterans have been authorized in three states. Fourteen states have definite provisions for helping veterans in their education. Veterans' welfare commissions or boards have been instituted in eight states. Help in buying homes is given in five and assistance in settling on farms is offered in eleven.

Four states make specific provision for veterans seeking employment. State civil service preference has been adopted in sixteen states. Nine states have granted exemption from taxation. Most of the states have provided for the admission of veterans to state hospitals and state soldiers' homes and many have special hospitals for insane or tubercular veterans.

The most general method of paying for bonuses or other aid is that of bond issues, the Bank of America chart shows. Twenty states have issued or will issue bonds, notes and certificates to provide funds for their veterans' aid. Michigan leads with \$30,000,000 bond issue, although New York would have come first if the validity of its \$45,000,000 issue had been upheld by the courts.



Average percentage of total annual sales occurring in months in years 1919 to 1921. Figures show the typical seasonal variation in sales

DEPARTMENT STORE SALES FOR LAST THREE YEARS

The accompanying diagrams, taken from the bulletin of the Federal Reserve Bank, New York, show the monthly fluctuations in sales by department stores, apparel stores, mail order houses and five types of chain stores during 1919, 1920 and 1921. In each case the average monthly sales during 1919 were taken as 100 per cent.

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,500,000 Undivided Profits \$515,000

OFFICERS

JULIAN P. FAIRCHILD, *Vice-President*
WILLIAM J. WASON, JR., *Vice-President*
THOMAS BLAKE, *Secretary*

HOWARD D. JOOST, *Assistant Secretary*
J. NORMAN CARPENTER, *Trust Officer*
BROWER, BROWER & BROWER, *Counsel*

ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

The bulletin says that stocks held by department stores, reported at the retail price, were 16 per cent. less on January 1, 1922, than on December 1, 1921, as a result of large Christmas sales. The average amount of stock carried by department stores during 1921 was from 15 to 20 per cent. below the stocks carried during the preceding year. As sales were almost as large as those of last year the turnover of stocks was more rapid. The annual rate of stock turnover among all department stores in this district in 1921 was 3.7 times; 3.2 times in 1920; and 3.6 times in 1919.

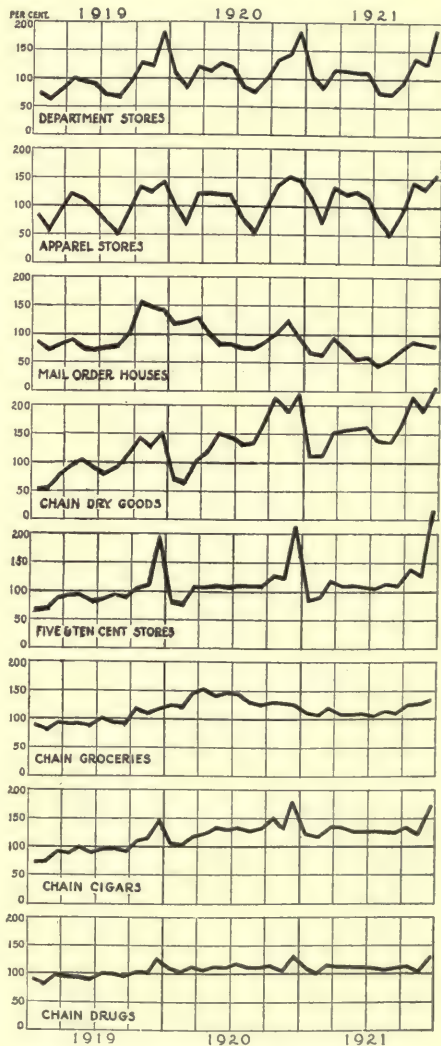
Retail merchants placed few orders during January except for the purpose of filling in depleted stocks in preparation for the annual clearance sales and these orders were for immediate delivery. Orders outstanding on December 31 were 4 per cent. of the total purchases of the previous calendar year.

This bank has now collected sales figures from department stores for three years. The seasonal movement which the figures show is so strongly marked that the data for three years are sufficient to give a closely accurate indication of the normal variations from month to month. The accompanying diagram shows the average percentages which sales in each month were of total annual sales. December sales have been about 14 per cent. of the total for each year and August sales have been smallest at slightly under 6 per cent.

THE BASIS FOR CONFIDENCE

"The outstanding fact in the world today," says a recent letter of the National Bank of Commerce, New York, "is the economic strength and soundness of the United States. This is strikingly evidenced by the character of the statements for 1921 made by many firms and corporations." The letter continues:

While the results for the year reflect losses so large that even those most intimately in touch with both the broad and the



Monthly sales of department and apparel stores in Second Federal Reserve District and mail order houses and chain stores doing a country-wide business (1919 average = 100 per cent.)

The Transfer of Securities Made Easy

The transfer of securities by or for fiduciaries has become an intricate matter, requiring a knowledge of the statutes and decisions of every state.

THE STOCK TRANSFER GUIDE AND SERVICE

Authorized by the New York Stock
Transfer Association

Prepared and Maintained by The Corporation
Trust Company

gives you all the essential facts about each state—whether or not court orders or inheritance tax waivers are required, what forms must be executed and where to apply for them, what inheritance and stamp taxes must be paid, the uniform rules of practice of the New York Stock Transfer Association, etc. The matter under the various state headings has been revised by local attorneys, whose names are given, so that it has the aspect of local practice and experience.

The New York Stock Transfer Association, under whose authority the Stock Transfer Guide and Service is issued, is composed of the banks, trust companies and corporations doing the largest amount of transfer work in the United States, and the rulings and other data contained in the Service represent the experience of its members as to the best transfer procedure.

Every financial institution maintaining a trust or transfer department and every attorney dealing with estate matters or passing upon the validity of stock transfers, is in need of the complete, always-up-to-date authoritative information given in the Stock Transfer Guide and Service.

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ST. LOUIS

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PHILADELPHIA
LOS ANGELES
WILMINGTON, DEL.

detailed aspects of these businesses were hardly prepared for them, reductions in working capital and in surplus accounts have paradoxically left most firms and corporations in a sounder financial situation than for many years. The sharp reduction in liabilities against even reduced assets has left room for healthy growth and development, where in the past in many cases this was not possible.

The results of business depressions are by no means wholly evil. Easy profits result in inefficient and careless business habits and in individual and corporate extravagance. Hard times compel efficiency and thrift.

THE BONUS, THE BOND MARKET AND BUSINESS

Uncertainty as to bonus legislation is now the dominating factor in the bond market and an important adverse factor in business. The possibility of large additional government flotations instead of reduction of the public debt has unquestionably resulted in hesitation in the market for bonds. Estimates of the final cost of the bonus vary from \$1,590,000,000 to sums hugely in excess of this. The lowest figure is equivalent to more than one-third of the total amount of capital available for investment in securities in the United States in 1921. State legislation has already been enacted providing for bonuses and similar benefits amounting to more than \$350,000,000, although referenda are pending with respect to part of this amount.

Plans to meet bonus requirements by taxes would perhaps be free from some of the ill effects of a large bond issue, but in the long run it seems likely that the result would be equally as bad on business. In some quarters the belief has apparently gained ground that the expenditure of bonus payments by the beneficiaries would serve to stimulate activity. If the recipients were to make the best possible use of the bonus money by adding it to their savings, it is obvious that no business stimulation would result. If, however, these funds should be immediately turned into the channels of consumption, the resulting stimulation would be temporary in character and would doubtless be followed by reaction, as the spending of the gratuities would in large part be uneconomical.

The main requisite to business recovery is the lightening of governmental requirements for funds for unproductive purposes. The addition at this time of the large sums necessary for the payment of a bonus, whether provided by taxes or bond issues, to the heavy burden which already must be borne, could be regarded only as a disaster, and the chief sufferers from the evil effects of such a course of action must eventually be the young men who served in the World War. These men are now the most productive part of the population of the country. They are just entering upon that period of life when responsibility for the nation's busi-

1781

The Oldest Bank in America

CHARTERED by the Continental Congress in 1781, the Bank of North America is the oldest bank in the country, the period of its existence spanning the entire history of the nation since the close of the War of Independence.

Today with Capital of **\$1,000,000**, Surplus and Undivided Profits of **\$2,375,000** and Total Resources of over **\$35,000,000**, this bank is better prepared than ever to fill its important place among the great financial institutions of the United States.

President

E. PUSEY PASSMORE

Vice-President

RICHARD S. McKINLEY

Cashier

E. S. KROMER

Assistant Cashier

WILLIAM J. MURPHY

Assistant Cashier

CHARLES M. PRINCE

Assistant Cashier

JOHN W. WHITING

THE BANK OF NORTH AMERICA

(NATIONAL BANK)

PHILADELPHIA

1922



CONSERVATION

A **T**IMELY diagnosis and a little friendly treatment will often conserve the credit you have extended to an enterprise.

It is our business to go behind the statement submitted to you by a company you have supported,—to accurately survey its plant, product, methods and personnel,—to lay before you a constructive program of improvement,—and where necessary, to execute that program.

Our experience qualifies us

BANKERS EQUITY, INC.

FIFTY-TWO VANDERBILT AVENUE

NEW YORK

ness is being gradually transferred to their shoulders. The best that could happen would be for each man, by his own efforts, to pay his own bonus. In practice, however, the result will be quite otherwise, the capable and thrifty being obliged ultimately to provide not only for the payment of whatever bonus they may receive, but also for the payment of bonuses to their less capable and less industrious fellows.

UPWARD PRICE TENDENCY

Prices of a number of important commodities have shown an upward tendency during the last thirty days. Of the twenty-six commodities regularly quoted in Commerce Monthly, ten were higher on February 15 than on January 15, nine were lower and seven had not changed.

While this upward tendency has been the occasion for many optimistic expressions of opinion, it is an open question as to whether the effect is good or bad if the result is the encouragement of an expectation of a general rise in prices. One of the principal obstacles to the orderly resumption of business in recent months has been the persistent belief that business prosperity and rising prices are synonymous. This belief arises in part from the fact that the present generation of American business men has gained practically all of its experience in a

period of rising prices. In part, however, it has a much more dangerous origin in the experience of the war years, when in too many cases speculation became a substitute for legitimate profits.

The essential at all times is a proper relationship between the different groups of commodity prices, wages, transportation rates and other charges for goods and services. Such an adjustment, following the violent price decline of the last two years, is extremely difficult to make, and as it proceeds prices of those commodities which have fallen too low in relation to the general level will tend to rise, while each individual commodity at all times responds more or less independently to conditions affecting supply and demand for it alone. It is the judgment of some of the most distinguished price theorists that the history of the period following the Napoleonic wars is already in process of repetition, and that a long period of declining prices has now been entered upon. The history of prices from 1900 to 1913, a typical modern period, offers no basis for belief that increases in the general price level will be rapid enough to offer hope of speculative gains. Profits will depend in future, as they have heretofore under normal conditions, on hard work, efficiency and economy.

THE CONDITION OF NATIONAL BANKS

In announcing an analysis of the returns shown by the reports of condition of national banks to his office, Comptroller of the Currency Crissinger states:

The fact that the resources of our national banks, amounting, December 31, 1921, the date of the last call, to \$19,420,136,000 (exclusive of rediscounts), show an increase of \$406,034,000 over the returns from the previous call, September 6, 1921, is very gratifying, an indication of the stability of these banks and of their power, under the capable administration of prudent officers, to retain a commanding position in the financial fabric of the country.

Up to September 6, 1921, the resources of national banks had shown a steady decline, with one or two exceptions, at the date of each call subsequent to December 31, 1919, when they stood at the peak or highest point in the history of the system, and amounted to \$22,711,375,000. The manner in which these banks have liquidated obligations representing borrowed money in the form of bills payable and rediscounts; increased their deposits and curtailed their loans and discounts, while, at the same time, their lawful reserve with Federal Reserve banks has been maintained at a point far in excess of the legal requirements during the past several months, justifies the opinion that their condition on December 31, 1921, was very satisfactory.

On December 31, 1921, the loans and discounts of national banks, exclusive of rediscounts of \$523,606,000, amounted to \$10,981,783,000, an increase over the amount reported September 6, 1921, of \$4,169,000, but a reduction compared with the amount on December 29, 1920, of \$1,113,512,000.

The investments of these banks in United States Government securities and other miscellaneous bonds and securities on December 31, 1921, amounted to \$4,057,340,000, being \$221,614,000 in excess of the amount on September 6, 1921, and \$64,687,000 less than the amount reported a year ago.

Balances with other banks and bankers, including lawful reserve with Federal Reserve banks and items in process of collection of \$1,493,170,000, totaled \$2,585,480,000, an increase over the amount of such balances September 6, 1921, of \$210,370,000 and a reduction in the year of \$219,431,000.

The cash in vaults amounting to \$341,811,000 was reduced between September 6 and December 31, 1921, \$15,987,000, while the reduction since December 29, 1920, was \$152,589,000.

The paid in capital stock on December 31, 1921, of \$1,282,432,000 shows an increase since the date of the prior call, of \$6,255,000 and an increase in the year of \$10,141,000, while surplus and undivided profits of \$1,498,188,000 showed a reduction of \$67,-



ESTABLISHED 1889

Resources
Over \$18,000,000.00

Among the most valuable assets of this Bank are the confidence and the esteem of those who know it best.

THE
PEOPLES BANK
OF BUFFALO

Main Office

Corner Seneca and Main

Branch

Corner Niagara and Virginia

Exactness and Precision

are considered of utmost importance in our handling of your Buffalo Business.

The Marine Trust Company of Buffalo

Capital and Surplus, Seventeen Millions

969,000 since September 6 and a reduction since December 29, 1920, of \$17,462,000.

The liability for circulating notes on December 31, 1921, was \$717,473,000, an increase over September 6 of \$12,805,000 and an increase over December 29, 1920, of \$23,554,000.

Balances on the books of national banks to the credit of other banks and bankers, including certified checks and cashiers' checks outstanding, on December 31, 1921, totaled \$2,530,742,000, which amount was \$113,331,000 greater than on September 6, 1921, and \$397,880,000 less than a year ago.

Individual deposits, exclusive of United States Government deposits of \$188,089,000, amounted to \$12,356,271,000, and were greater than the amount reported September 6, 1921, by \$322,811,000, but a reduction since December 29, 1920, of \$780,744,000. The aggregate of all deposits was \$15,075,102,000, or \$514,250,000 more than on September 6, 1921, and \$1,202,655,000 less than on December 29, 1920.

The liability for bills payable and rediscounts was reduced between September 6 and December 31, 1921, \$236,844,000, the reduction in the twelve months' period being \$1,322,734,000, and on December 31, 1921, these obligations amounted to \$1,019,929,000.

On December 31, 1921, national banks had lawful reserve with Federal Reserve banks to the amount of \$1,143,259,000, which was \$86,875,000 in excess of the legal requirement. The returns from national banks in each Federal Reserve District on the date indicated showed lawful reserve in excess of the amount required, the smallest amount of the excess, \$575,000, being reported by banks in the Eighth Federal Reserve District, and the largest amount was \$41,385,000, reported by banks in the Second Federal Reserve District.

The percentage of the loans and discounts of national banks to their total deposits on December 31, 1921, was 72.85 compared with 75.39 on September 6 and 74.31 on December 29, 1920.



Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland
and the District of Columbia

CONVENTION DATES

American Bankers Association, New York, Oct. 2-6.

National Foreign Trade Council, Philadelphia, May 10-12.

Savings Banks Association, State of New York—at Briarcliff Lodge, May 17-19.

New York—at Lake Placid Club, June 19-21.

New Jersey—at Atlantic City, May 12-13.

Pennsylvania—at Pittsburgh, May 24-26.

Maryland—at Atlantic City, May 16-18.

U. S. Chamber of Commerce—at Washington, D. C., May 15-21.

Delaware—at Rehoboth, Sept. 7.

WORK OF INDUSTRIAL DEPARTMENT EXPLAINED

How the modern bank is aiding its manufacturing customers by going right into their factories and helping them to make their operations more profitable was explained by Robert P. Albright, manager of the industrial department of the Bank of America of New York, before the annual meeting of the Hydraulic Society at the Hotel Cleveland in Cleveland, Ohio, on March 10. Mr. Albright described to the engineers present the work of the industrial department of the Bank of America, which was one of the first banks in the country to develop such a department to serve its customers.

Most banks, pointed out Mr. Albright, who is an engineer himself, make loans to their customers on the strength of a financial statement, without analyzing its real meaning or refuse credit without helping the customer to better his position. Through the industrial department the bank finds out what is back of the financial statement. It makes a close industrial survey of the production operations, finds out where they can be improved and suggests methods of improvement. It devises and works out plans for production control so that the operations flow smoothly through the plant. It keeps in close touch with the customer after the loan is made. In this way it not only strengthens the borrower financially, but also industrially.

Actual examples where the industrial department of the Bank of America has saved its customers large sums and has reorganized their manufacturing processes on a more efficient basis were described by Mr. Albright. He outlined the whole method of the industrial survey and how it is used to find out the weak spots in manufacturing and how the plans are put into operation.

NEW FRENCH-AMERICAN BANK OFFICERS

Jean De Selys has been elected a vice-president of the French-American Banking



NUGENT FALLON

Recently elected treasurer French-American
Banking Corporation

Corporation, New York. Nugent Fallon was elected treasurer to succeed Arthur Terry.

A Strong Merger

—strong, because natural

The SEABOARD and the MERCANTILE
are merged.

What each bank stands for is well
known. Each had something to give
the other.

The new bank has resources of
over \$80,000,000.

The new board of directors is
outstanding, as you would expect.

The Seaboard now offers complete
banking and trust company services
at three important locations.



The Seaboard National Bank

with which is combined

The Mercantile Trust Company

BROAD AND BEAVER STREETS

Opposite the Consolidated Stock Exchange

115 BROADWAY

Opposite the Equitable Building

20 EAST 45TH STREET

Corner of Madison Avenue

DIRECTORS

S. G. Bayne,
Chairman
Chellis A. Austin,
President
Elliott Averett,
Vice-President
United Cigar Stores Co.
Edward J. Barber,
President
Barber Steamship Lines
Howard Bayne,
Vice-President Columbia Trust Co.
Henry S. Bowers,
Goldman, Sachs & Co.
Harry Bronner,
Blair & Co., Inc.
H. D. Campbell,
Vice-President
J. S. Coffin,
Chairman
Franklin Railway Supply Co., Inc.
Delos W. Cooke,
Associate Director
The Cunard Steamship Co., Ltd.
Edward J. Cornish,
President
National Lead Co.
Louis N. DeVausney,
Vice-President
Charles G. DuBois,
President
Western Electric Co.
Frederick F. Fitzpatrick,
President
The Railway Steel Spring Co.
Henry C. Folger,
President
Standard Oil Co. of N. Y.
Bennett L. Gill,
Terrell, Texas
Edward H. R. Green,
President
Texas Midland Railroad
A. R. Horr,
Vice-President
Equitable Life Assurance Society
Herbert P. Howell,
Vice-President
National Bank of Commerce
Elgood C. Lufkin,
Chairman
The Texas Company
Charles D. Makepeace,
Vice-President
Peter McDonnell,
General Agent
Transatlantica Italiana S.S. Co.
John McHugh,
President
Mechanics & Metals National Bank
Theodore F. Merceles,
President
Montgomery Ward & Co.
Albert G. Milbank,
Masten & Nichols
Samuel H. Miller,
Vice-President
Chase National Bank
William E. Paine,
New York
John J. Raskob,
Vice-President
E. I. Du Pont de Nemours & Co.
Charles S. Sargent, Jr.,
Kidder, Peabody & Co.
Joseph Seep,
Chairman, South Penn Oil Co.
Joseph B. Terbell,
President
American Brake Shoe & Foundry Co.
C. C. Thompson,
New York
J. Spencer Weed,
Vice-President
Great Atlantic & Pacific Tea Co.
Henry Whiton,
President
Union Sulphur Company.

UNITED STATES MORTGAGE AND TRUST COMPANY

At the annual meeting of the stockholders of the United States Mortgage and Trust Company, New York, held March 9, the following directors were re-elected:

Burns D. Caldwell, Julius Kruttschnitt, Robert Olyphant, Charles B. Seger, James Timpson, Arthur Turnbull, Elisha Walker and William H. Williams.

SEABOARD NATIONAL MERGER RATIFIED

At special meetings on March 30 the stockholders of the Seaboard National Bank and the Mercantile National Bank of New York ratified the plans for merging the two institutions under the name of the Seaboard



CHELLIS A. AUSTIN

President Seaboard National Bank, New York

National Bank. The consolidated bank began business on Saturday, April 1.

The following were definitely selected by the stockholders to serve as directors of the merged bank: Chellis A. Austin, Elliott Averett, Edward J. Barber, S. G. Bayne, chairman, Howard Bayne, Henry S. Bowers, Harry Bronner, H. D. Campbell, J. S. Coffin, Delos W. Cooke, Edward J. Cornish,



Three Thoughts for Bankers

1. Your customers make large sales to New York business men.
2. Our customers are wholesale merchants and manufacturers in New York.
3. Inasmuch as your customers and ours deal with each other, this is the logical bank in New York as your correspondent, because it means the promptest collection of bill of lading drafts and results in a material saving of time in getting shipments to market, especially of perishable and semi-perishable goods.

ATLANTIC
National Bank
 257 Broadway—Opposite City Hall
 NEW YORK CITY

Louis N. DeVausney, Charles G. DuBois, Frederick F. Fitzpatrick, Henry C. Folger, Bennett L. Gill, Edward H. R. Green, A. R. Horr, Herbert P. Howell, Elgood C. Lufkin, Charles D. Makepeace, Peter McDonnell, John McHugh, Theodore F. Merseles, Albert G. Milbank, Samuel H. Miller, William E. Paine, John J. Raskob, Charles S. Sargent, Jr., Joseph Seep, Joseph B. Terbell, C. C. Thompson, J. Spencer Weed and Henry Whiton.

The directors of the new bank held their first meeting March 31 and elected the officers. The Seaboard will have a branch at 115 Broadway, to be known as the Mercantile branch, and another at 20 East 45th street, the uptown branch.

The Seaboard National Bank was founded in 1882 by S. G. Bayne, the chairman of the new board of directors. The Mercantile National Bank was formed by Chellis A. Austin and a group of young bankers and business men in 1917 as the Mercantile Trust Company. The capital, surplus and undivided profits of the consolidated bank are in excess of \$10,000,000, while the combined re-

NEW MUNSON BUILDING

25 STORIES

67 Wall Street

DESIRABLE OFFICES STILL AVAILABLE

Rentable Floor Areas
8650 to 10,540 sq. ft.

10 Elevators

Toilet Rooms on Every
Floor. Hot and Cold
Water in All Offices

High Class Service

All Transit Facilities
Unusually Convenient

Renting Agent on Premises
MUNSON STEAMSHIP LINES
67 Wall Street

officer; Egbert V. Nelson, assistant trust officer; Charles C. Fisher, Cornelius J. Murray, Joseph D. Smith, James M. Wade, Bertram I. Dadson, assistant cashiers; F. Rogers Parkin, assistant trust officer; William A. B. Ditto, John J. Teal, Hermann G. Place, O. M. Jefferds, Alexander A. McKenna, assistant cashiers.

IRVING UNIT SYSTEM

The Market and Fulton office of the Irving National Bank of New York on March 15 put into effect the Irving unit system of receiving and paying, by which any teller at any window is prepared to receive deposits and to honor checks.

The advantage of this plan is that since the bulk of deposits and withdrawals are rarely made at the same time, this unit system makes all the tellers available whenever there is a "rush" on either operation. The innovation has been tested and highly approved at all the other Irving offices.

NEW PRESIDENT OF BOWERY SAVINGS BANK

William E. Knox, who has served the Bowery Savings Bank uninterruptedly for thirty-seven years, was elected president of the institution recently to fill the vacancy caused by the recent death of Henry A. Schenck. At the same meeting, the trustees made former Secretary Joseph G. Liddle a vice-president; Percy G. Delamater, secretary, and James A. Stenhouse, comptroller. Mr. Knox is the first president in the history of the bank who worked up from the ranks. He started in 1885 as a minor clerk.

Mr. Knox has advocated the opening of branch banks by savings institutions and is about to see his efforts realized in the opening of the East Forty-second street branch of the Bowery Savings Bank, on part of the site of the old Grand Union Hotel. Mr. Knox is the chairman of the National Conference of Mutual Savings Banks and a member of the National Association of Investors in Railroad Securities.

CONDITION OF THE NEW YORK TELEPHONE COMPANY

The New York Telephone Company, in its annual report for the year ended December 31, 1921, shows a balance, after all charges and taxes, amounting to \$13,244,543, equivalent to \$8.29 a share earned on the \$159,848,917 average amount of stock outstanding. In 1920 the company showed a balance of \$6,070,073, or \$4.04 a share, earned on the \$150,000,000 capital stock. Total

sources amount to approximately \$80,000,000.

At the board of directors' meeting the following officers were elected: S. G. Bayne, chairman of the board; Chellis A. Austin, president; Louis N. DeVausney, Charles D. Makepeace, H. D. Campbell, William K. Cleverley, vice-presidents; C. Howard Marfield, vice-president and cashier; Peter S. Duryee, Percy J. Ebbott, John C. Traphagen, vice-presidents; John A. Burns, trust

gross revenues increased from \$87,906,465 in 1920 to \$99,608,268 in 1921, while operating expenses stood at \$82,423,439 in 1920 and at \$88,203,748 last year.

Details of the year's operation, compared with 1920, are given in the following table:

	1921	1920
Operating revenue	\$99,608,268	\$87,906,465
Operating expenses	88,203,748	82,423,439
Net oper. earnings.....	\$11,404,520	\$5,483,026
Other income	9,988,516	6,681,548
Total income	\$21,393,036	\$12,164,574
Interest	8,148,493	6,094,501
Balance	\$13,244,543	\$6,070,073
Dividends	12,841,247	12,000,000
Surplus	\$403,296	*\$5,929,927
Profit and loss surplus.....	32,581,493	32,503,162
* Deficit.		

In the balance sheet as of December 31, 1921, cash is shown at \$16,041,099, compared with \$5,182,661 in 1920; bills and accounts receivable, \$35,278,036, as against \$41,296,262; securities at \$135,816,423, compared with \$100,864,157; accounts payable, \$13,985,407, against \$10,970,093; accrued liabilities, \$4,348,726, against \$4,402,606, and replacement reserves at \$82,514,581, compared with \$73,413,106 in 1920.

On December 31, 1921, there were 1,903,033 stations directly operated by the company and its local connecting companies, an increase of 151,948, according to President H. F. Thurber. Mr. Thurber stated that the service throughout the year was in general satisfactory, and that, while the demand for new installations during the year continued to be very great, the company's additional facilities enabled the management to effect a considerable improvement toward reducing the number of pending applications.

The gross construction expenditures for 1921 totaled \$44,000,000, the executive explained. During the current year it is expected to place in service additional central office facilities. The company's construction program is being expedited as much as possible, said Mr. Thurber, and no effort is being spared to maintain a high grade of service for the public.

EQUITABLE TRUST COMPANY OF NEW YORK DIVIDEND

At the regular meeting of the board of trustees of the Equitable Trust Company of New York, held March 15, 1922, a quarterly dividend of 4 per cent. was declared on the outstanding capital stock of the company, payable March 31, to stockholders of record March 24.

WILLIAM F. CUTLER

William F. Cutler, vice-president of the American Brake Shoe and Foundry Com-



THIS BANK offers complete facilities for the transaction of every kind of banking business.

Collections made promptly and on favorable terms on every part of the world

Foreign Exchange Bought and Sold

Commercial and Travelers' Letters of Credit

Correspondence and inquiries invited

Capital - \$3,000,000

Surplus and

Profits - 8,300,000

E. F. SHANBACKER
President

The
FOURTH STREET
NATIONAL BANK
Philadelphia

pany, has been elected a member of the board of the New York Trust Company to succeed his father, the late Otis H. Cutler.

BANK CELEBRATES ANNIVERSARY

The Bank of New York, at 48 Wall street, celebrated the one hundred and thirty-eighth anniversary of its founding on March 15, the institution having been organized by Alexander Hamilton in 1784. Eighty-one years later it was incorporated as a national bank. At present its combined capital and surplus amounts to \$9,500,000. Herbert L. Griggs is president.

HARRIMAN NATIONAL HAS ANNIVERSARY

The Harriman National Bank of New York celebrated its eleventh anniversary by a dinner of the officers and directors at the Biltmore Hotel on March 20. A feature of the dinner was the special statement of the bank prepared for the occasion showing its increase of deposits year by year. The Harriman National Bank reflects the continued business expansion of the Fifth avenue section of the terminal zone.

BANKERS' CLUB ELECTS A. H. WIGGIN

Albert H. Wiggin, president of the Chase National Bank of New York, has been elected president of the Bankers' Club of America, to succeed the late A. Barton Hepburn, who has served as president of the club since its organization.

CHATHAM AND PHENIX DEPOSITS GROW

The statement of the Chatham and Phenix National Bank of New York at March 10 shows deposits of \$145,104,322. The de-



BOSSOM GOLD MEDAL

This medal is awarded annually in London by Alfred C. Bossom, New York architect, through the Regent Street Polytechnic School of Architecture, with the idea of encouraging the design and construction of commercial buildings.

posits on December 31, 1921, were \$141,741,371. The surplus and undivided profits of December 31 were \$8,182,339, compared with \$9,878,892 on March 10. Total resources were placed at \$176,614,626.

IRVING NATIONAL BANK

The statement of condition of the Irving National Bank of New York City at March 10, 1922, showed total resources of \$274,669,768.74; surplus and undivided profits, \$11,221,265.90, and deposits, \$230,271,513.17.

GUARANTY TRUST COMPANY OF NEW YORK

The condensed statement of the Guaranty Trust Company of New York, as of March 10, 1922, shows deposits of \$479,148,463.76, as compared with \$470,916,979.07 in its last statement December 31. The undivided profits account of \$2,400,090.11 compares with \$2,255,398.56 on December 31. The total resources of the company are \$575,513,679.39.

The board of directors declared a quarterly dividend of 3 per cent. on the capital stock of the company for the quarter ending March 31, 1922, payable on that date to stockholders of record March 17, 1922.

HARRY I. CAESAR

The directors of the Columbia Trust Company of New York have elected Harry I. Caesar of H. A. Caesar & Co. a member of the board.

FRENCH AMERICAN BANKING CORPORATION

The statement of condition of the French American Banking Corporation at March 31, 1922, shows total resources of \$37,920,415.78; capital of \$2,000,000; surplus of

The Corporation Manual

Twenty-third Edition

Revised to January 1, 1922

A systematic arrangement of the statutes affecting both foreign and domestic business corporations in all states.

The Uniform Stock Transfer Act.

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The Anti-Trust Laws.

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United States Corporation Company

65 Cedar Street, New York

\$600,000; undivided profits of \$282,466.16, and current accounts of \$13,897,203.56.

BANK TO COMPOUND INTEREST MONTHLY

Announcement was made recently by John J. Pulleyn, president of the Emigrant Industrial Savings Bank, one of the largest of its kind in the country, that the bank would put into effect on July 1 a new system of computing interest on deposits whereby the interest will be compounded from month to month, instead of semi-annually.

Details have not been fully worked out, for the change involves a complete reorganization of the bank's computation department. It is expected, however, that by the terms of the new banking rules interest will be allowed on a deposit from the end of the month in which it is made to the first of the month in which it is withdrawn.

"We want to offer every incentive to the depositor to deposit his funds when he has them, rather than to await the opportunity which the present system brings at intervals," said Mr. Pulleyn. "We want to be of greater service to the depositor, and we believe that this plan of monthly balances will increase our service to him."

It is reported that several of the other large savings institutions have similar plans under consideration. Under the present system the savings banks accepts deposits for the first ten days of any quarter, to draw interest from the first day of that quarter. Deposits made on the eleventh day will not draw interest until the first day of the following quarter, meaning that the depositor often loses about ten weeks' interest.

UNION TRUST COMPANY OF ROCHESTER

The Union Trust Company of Rochester, N. Y., has moved into new banking quarters at 19 Main street west.

YORK THRIFT SURVIVES BUSINESS DEPRESSION

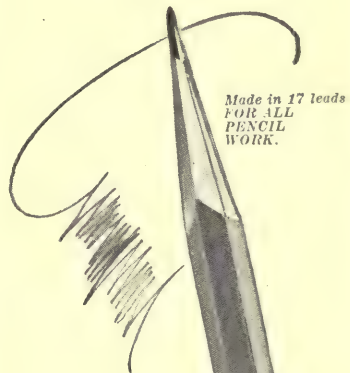
Industrial depression and wage reductions seem to have had little effect upon the residents of York County, Pennsylvania, other than to strengthen their spirit of thrift. The annual resume of the financial condition of the banks in the city and county shows that interest bearing deposits were increased by \$2,464,693.21 in the past year. The total deposits in savings funds and other funds that bear interest were \$90,-749,371.88 in 1921, as compared to \$28,-

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42 Broadway, New York

284,678.27 in 1920. A gain of \$1,055,433.99 is shown in the resources and liabilities of the financial institutions of the county. The total resources and liabilities in 1921 were \$59,004,354.50. In 1920 they were \$57,948,920.51.

The gain in interest bearing deposits is offset to some extent by a loss of \$1,741,074.75 in the deposits that are subject to check. Deposits in this department amounted to \$16,077,781.96 in 1921. The deposits in this department in 1920 aggregated \$17,818,856.71. Resources of the banks in the city were increased by \$174,081.67 during the past year. The resources of 1921 were \$29,933,539.73. For 1920 they were \$29,759,458.06. Total resources of the national banks in the city were \$18,838,672.61 in 1921 and \$18,969,102.10 in 1920. The 1921 resources of the state banks in the city were \$11,095,867.12 as compared to \$10,790,355.96 in 1920.

Resources of the national banks of the city and county were reduced by \$19,559.03. The 1921 total was \$36,787,856.92. In 1920 it was \$36,807,415.95. During the same period the state banks of the city and county

registered a gain of \$1,074,993.02 in their aggregate of resources and liabilities. The total for 1921 was \$22,216,497.58. The 1920 total was \$14,141,504.56.

ALBERT S. LEIGH

Albert S. Leigh, president of the First National Bank of Princeton for the last twenty-nine years, died at his home March 14, following a brief illness. He was eighty-four years old. Mr. Leigh was instrumental in founding the First National Bank in 1893, and had been president since it began business.

TRUST COMPANY BECOMES NATIONAL BANK

At a special meeting of the stockholders of the Rittenhouse Trust Company of Philadelphia, held on March 15, the conversion of the institution into a national banking association under the title of the Rittenhouse National Bank of Philadelphia, was approved. This, it is understood, is a preliminary step in a plan looking towards the merger of the institution with the Corn Exchange National Bank of Philadelphia. A special meeting of the stockholders of the Rittenhouse National Bank of Philadelphia will be held on April 18 next, for the purpose of voting for or against the proposed amalgamation of the institutions under the title of the "Corn Exchange National Bank of Philadelphia."

RICHARD B. MELLON

At the annual meeting of the Pittsburgh Clearing House Association held recently, Richard B. Mellon, president of the Mellon National Bank of Pittsburgh, and brother of the Secretary of the United States Treasury, was elected president of the association to succeed John R. McCune, president of the Union National Bank of Pittsburgh. Mr. McCune was chosen to succeed Mr. Mellon on the clearing-house committee.

DIRECTOR DAWES TERMINATES OFFICE IN JUNE

In accordance with his original announcement, expressed when he accepted appointment from President Harding as director of the budget, General Charles C. Dawes of Chicago, will resign his post on June 30.

The cut of more than \$2,000,000,000 as between the actual expenditures of 1921 and the estimated expenditures of 1923 has been regarded as highly encouraging and distinctly favorable to the budget form of expenditures.

New England States

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**The leading financial institution of
New England**

**Foreign and domestic commercial
banking of every nature**

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Thomas M. James Company

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Fuller Building, Springfield, Mass.

342 Madison Ave., New York

511 Blackstone Building, Cleveland, Ohio

ECONOMIC CONDITIONS IN THE
NEW ENGLAND STATES

THE most serious feature of the business situation in New England at this writing is the great strike in the cotton mills—serious not alone because it means an interruption of business, with thousands of men and women idle, but especially serious in that the real import of the situation has not been grasped by the public. The cotton mills of the South work longer hours and at lower wages than do the New England mills, and in the selling markets the competition of the Southern mills has become a serious menace to the greatest industry of New England. The public is demanding lower-priced goods and it has finally reached a stage where the New England mills are forced either to reduce production and selling costs or shut down. The situation is serious from an economic standpoint and has been confused through the injection of sentiment and recrimination. The situation has reached a crisis, however, and the mill owners are standing fast, realizing that they are fighting not merely a wage fight but a fight for existence.

In the towns and cities tied up by the strike business is rather quiet. Elsewhere in New England business is steadily improving. The greatest measure of improvement is in the building and construction business. Lumber, brick, steel and cement, at fairly reasonable prices, are being ordered in large quantities for early spring delivery. Material costs and labor costs both favor the buyer at the present time, and the banks are well supplied with mortgage money available at reasonable rates.

In New England, as elsewhere, business mortality is still high as compared with last year, but there is a steady dropping off from week to week of the number of failures, and at the present rate of improvement the figures will be down to normal within a comparatively short time.

The big stores report a fair response to intensive sales efforts and most merchants are inclined to buy more heavily of spring and summer goods than they have been for a long time. Collections are slow, but losses from bad accounts are not abnormal.

Shoe factories are moderately busy, but the constant pressure of retailers for lower prices keeps buying on a hand-to-mouth basis and the manufacturers are not inclined to stock up very heavily with raw material. Woolen mills are running from 75 to 85 per cent. of capacity, but in this field also buying is mostly on the small order basis.

The banking situation in New England is in very satisfactory shape and substantial

The Spirit of
New England
Industry

IT is not strange that the descendants of men who turned a wilderness into a manufacturing colony should be gifted with mechanical genius and ability to overcome handicaps. Their inherited skill has been and still is a vital factor in keeping New England in the forefront of industry.

The most recent task of New England's inventors and managers has been to devise ways to make improved goods at lower cost to meet new marketing conditions.

They have been especially successful in those fields in which this section is supreme—wool and cotton textiles, shoes, paper, leather, rubber goods and machinery.

Buyers of merchandise, distant or nearby, will do well to consult National Shawmut Bank in seeking to meet manufacturers who have adjusted goods and prices to meet 1922 ideas. This bank is fortunately situated to render efficient service by reason of its intimacy with New England industry.

Correspondence is cordially invited

THE NATIONAL SHAWMUT
BANK of BOSTON

Capital and Surplus \$20,000,000

Park Trust Company

Park Building, 511 Main Street
WORCESTER, MASS.

Capital \$300,000

Surplus and Earnings..... 202,580

F. A. Drury, President.

T. J. Barrett, Vice-President.

H. M. Abbott, Treasurer.

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progress is being made in clearing up the complications caused by the closing of five trust companies last year. Legislation proposed as a preventive of a recurrence of the trouble is prolific, but most of the fool bills are being killed in committee, and the better ones, such as those proposed by the Bank Commissioner of Massachusetts will unquestionably be passed.



CONVENTION DATES

Maine—at Augusta, June 17.

Rhode Island Bankers Association—at East Providence, May 17.

GORDON L. WILLIS BECOMES VICE-PRESIDENT

At a meeting of the directors of the Third National Bank of Pittsfield, Mass., the resignation of Gordon L. Willis as cashier was accepted. Mr. Willis assumed new duties as vice-president of the Hampshire County Trust Company at Northampton, Mass.

Mr. Willis was born in Medford, Mass., thirty years ago and was educated at Medford high school and graduated from Worcester Academy. During the summer vacations he worked as a messenger for the Old Colony Trust Company of Boston, with which he was identified for twelve years. He was connected with the cashier's department at the time he accepted the position with the Third National Bank in Pittsfield in 1919.

A BOON TO BANK DEPOSITORS

Hereafter everyone may be relieved of the annoyance of trying to write on his bank deposit slips the four or five-word names of banks in a space hardly long enough for one word.

This listing of banks by name is really unnecessary, as every bank in the country is designated by a number, known as its transit number, which indicates the name of the bank and its location. These transit numbers appear on every bank check. For example, 5-20 is the number of the National Shawmut Bank of Boston; the number 5 identifies all Boston banks, while the second number indicates the particular bank in Boston.

With a view to relieving the public of this annoyance, and to promote efficiency and accuracy in the handling of bank deposits, the National Shawmut Bank of Boston has issued a little booklet, "A Guide to Transit Numbers of New England Banks." All the commercial banks and trust companies in New England are grouped under their respective cities and towns and the transit number of each is given. Copies of this booklet may be obtained on application.

CHARLES A. BARTON

Charles A. Barton, vice-president of the Worcester Bank and Trust Company, Worcester, Mass., has been elected president of the Associated Trust Companies of Massachusetts.

CENTENARY OF NEW HAMPSHIRE SAVINGS BANKS

Observance of the tercentenary of the settlement of New Hampshire next year is to include a commemoration of the centennial of the beginning of savings banks in that state. In 1823, charters for the Portsmouth Savings Bank of Portsmouth, and the Strafford Savings Bank of Dover, were granted by the legislature. The Portsmouth bank received its first deposit on August 20, 1823, and the Dover bank on February 28, 1824. Both banks have had an uninterrupted existence ever since.

In petitioning for a charter for the Strafford Savings Bank, it was stated that the mill operatives of Dover, Somersworth, and other towns "constitute nearly one-fifth part of the whole population of said towns," and that there was reason to apprehend "a great increase in the number of paupers unless care is taken to prevent pauperism by encouraging frugal habits and affording to the laboring classes an easy and secure mode of reserving a portion of their wages to meet unforeseen emergencies."

Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, and Tennessee

ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By THOMAS EWING DABNEY

ONE of the most important economic steps taken by the South during February was the movement to compare Southern labor with Northern. The comparison will be on the basis of the cost of producing a given quantity of work.

The importance of the movement rises from a general impression in the North that Southern labor is more inefficient than Northern and, even taking into account the lower scale of wages, that its output costs more money.

The comparison is to find out exactly and scientifically what is the situation. Neither the Northern investors nor the Southern defenders know; they only think.

A national committee, comprising representatives of New Orleans, Atlanta, Chicago or St. Louis, Boston and the United States Department of Labor, will have general charge of the comparison. It will lay down the terms of the test, and the basic industries in which the test will be made. Then, local committees, appointed probably under the auspices of the Chambers of Commerce, will compile the costs of their communities, and publish them.

New Orleans appointed the first member of the national committee. The other appointees will be named later, and the local committees will begin work as soon as they have their sailing directions.

The ultimate aim is to develop a "labor market," on which "quotations" can be seen every day, on the labor output per dollar in every part of the country. The local committees will keep their reports constantly revised.

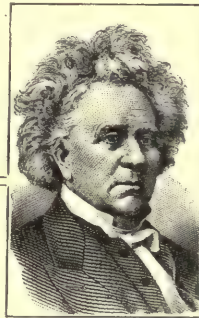
An industrial man knows what he must pay for bricks in any part of the country. But he does not know, under present conditions, how much it will cost to build these bricks into a factory. He knows what railroad rates to his markets are. But he does not know how much it will cost him to load his goods upon the cars. He knows what climate is. But he does not know how much

cloth a hundred men and women can turn out in the most favorable circumstances.

The purpose of the comparison is to resolve all these doubts; to put business and industry more on a scientific and less on a grab-bag basis.

If the South is given a clean bill of health, Northern investors will not be so chary about trusting their dollars to this section. If the South is proven inefficient, then it will be up to the business and labor organizations in the South to put labor on a producing basis. They will have to do this, if there is to be any development.

The limiting of cotton acreage is probably the biggest question that touches the rural section in the South today. Quite a strong movement had been developing to increase the acreage. Then the Cotton



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"ON TO RICHMOND"

Bank of Charleston, N. B. A.

CHARLESTON, S. C.

Capital.....	1,000,000
Surplus and Profits.....	1,000,000
Resources.....	15,000,000

E. H. Pringle, Pres.
 E. H. Pringle, Jr., Vice-Pres.
 R. S. Small, Vice-Pres.
 A. R. LaCoste, Vice-Pres.
 G. W. Walker, Cashier.
 J. H. Lucas, Assistant Cashier.
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 Drafts on Charleston drawn with exchange
 remitted without charge.

States Conference was held in New Orleans, and one of its principal purposes was to urge limiting acreage. It also went into the question of better cultural methods, to improve the quality of the staple, and coöperative marketing. But limiting acreage was the big issue. The doctrines laid down by the representatives of a dozen states, representatives carefully chosen by the governors, will unquestionably have a strong influence on the bankers, who will not be so keen to finance cotton production, lest they be dragged unwillingly into the cotton business, as they were a year or so ago. Last year's cotton crop was in every sense of the word a disaster to the South. It was short, but economic conditions were shorter. If the South does not produce according to the market, it cannot expect to make money. If it produces more cotton, it must produce less corn. When Southern farmers talk about limiting cotton acreage so they can get a better return for their labor, and live happier and wear nicer clothes and give their children better educational advantages, they always draw a withering fire of criticism from the North; but the basic fact to remember is that Southerners, like everybody else in the world, are thinking primarily about themselves. They aren't worrying if Northerners have to give a little more for a shirt. They are principally interested in some kind of a shirt for themselves.

Road building is being pushed rapidly in the South. Louisiana is leading the section: according to the recently reorganized state highway department, Louisiana will be working on an \$8,500,000 program by May, by which time all the contracts will have been let. Louisiana is now working on a \$3,000,000 program—inherited from last year. The new contracts have not been let

yet because the highway department wanted to see what funds it would have. Now it is known the department will get about \$5,500,000 this year from the license tax on automobiles, the tax on gasoline, the parish bond issues and the Federal Government. This is a great deal more than it has ever had before.

Work will be concentrated upon completing about 500 miles of breaks in the trunk systems of highways in the state. That will give Louisiana 2155 miles of trunk roads. All work is being done in gravel, and the cost is at pre-war levels.

Louisiana, Mississippi and Arkansas are also doing much highway building. In Southern Mississippi, bond issues have been voted for considerable concrete road work.

Louisiana's sugar acreage this year will be as great as last year's, according to the estimate of the United States Department of Agriculture's agent in New Orleans. But some planters think it will be greater. This past season was not a success, financially, though a record-breaking crop was raised. But the planters feel encouraged over the outlook, and the improvement in the efficiency of labor in the cane fields convinces them they will produce a remarkably cheap crop. Economy is the touchstone of success now. Of course, there is the gamble with the weather, but that bridge is far in the future.

The rice business has been looking up. There has been some increase in the demand, both export and domestic. For a long while, the export demand was all that held the market together.

A remarkable amount of construction is going on, both in the cities and in the rural sections of the South. This has stabilized the lumber industry, the tendency of which is still upward. The mills are cutting withing 20 per cent. of normal, but they are cutting very carefully within the demand, so that they will not be forced to sacrifice accumulating stocks. There have been some railroad rate reductions that have helped the building business considerably.

The construction under way is commercial as well as residential. There is still a large house shortage. Home-building for a time was practically the only activity in the construction line. But now the big enterprises are pulling out the plans, pigeon-holed during the high price area. The general consensus is that the building industry has seen its lowest prices.

Foreign trade is getting stronger. New Orleans, for instance, did a bigger foreign trade in volume this January than it did in any one month in its history, and it was

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Resources 30,000,000

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C. R. BURNETT Vice-President
ALEX. F. RYLAND Vice-President
S. P. RYLAND Vice-President
S. E. BATES, Jr. Vice-President
THOS. W. PURCELL, V-Pres. & Tr. Officer
JAMES M. BALL, Jr. Cashier

ALWAYS a leader in the development of industrial and commercial enterprises of the South, and exceptionally well qualified to handle the accounts of banks, corporations and individuals.

second in value only to January, 1920, the boom year.

On the whole, the South is more optimistic than it was two months ago, or even one month ago. The analysis of business experts that the South would be one of the first sections of the country to get out of the woods is being realized. There are still many difficulties ahead, and business will not be making a real profit for some time to come, but, at least, the South isn't butting against a stone wall.



CONVENTION DATES

Spring Meeting Executive Council, American Bankers Association, White Sulphur Springs, May 8-12.

North Carolina—at Pinehurst, April 26-28.
Georgia—at Atlanta, May 24-26.
Louisiana—at Baton Rouge, April 18-19.
Mississippi—at Jackson, May 9-10.
Texas—at Fort Worth, May 17-19.
Florida—at Gainesville, April 21-22.
Tennessee—at Knoxville, May 17-19.
Virginia—at Hot Springs, June 15-17.
Alabama—at Montgomery, May 18-20.

BLUEFIELD NATIONAL BANK

The statement of condition of the Bluefield National Bank of Bluefield, W. Va., at March 10, 1922, showed total resources of \$1,465,611.31; surplus and profits, \$52,159.74, and deposits, \$679,896.47.

SOUTHERN BANK CONSOLIDATION

The American Exchange National Bank of Greensboro, N. C., with a capital of \$600,000, and the Greensboro National Bank of Greensboro, N. C., with a capital of \$100,000, have been consolidated under the title of the American Exchange National Bank of Greensboro. The consolidation went into effect on February 21. The combined institution will have a capital of \$750,000 and surplus of \$250,000.

The officers of the enlarged institution are: R. G. Vaughn, president; F. C. Boyles, vice-president and cashier; F. H. Nicholson, I. F. Peebles and W. H. Spradlin, Jr., assistant cashiers; Waldo Porter, vice-president and manager of Greensboro National Branch; A. H. Alderman, cashier Greensboro National Branch; W. P. Hutton, assistant cashier Greensboro National Branch.

APPOINTED ASSISTANT FEDERAL RESERVE AGENT

Raymond H. Lee, on March 1, was appointed an assistant Federal Reserve agent of the Federal Reserve Bank of Richmond. The newly elected assistant Federal Reserve agent started with the Federal Reserve Bank of Richmond as secretary to Governor Seay in May, 1915, just six months after the Richmond Federal Reserve Bank opened.



RAYMOND H. LEE

Appointed assistant Federal Reserve agent, Richmond Federal Reserve Bank

During 1919 he served as secretary of the War Loan Organization that handled the War Savings Campaign and the Victory Loan. For the past two years he has been associated with the Federal Reserve agents department.

Mr. Lee has been prominently identified with the work of the American Institute of Banking, and to this source he attributes his present promotion. He has served as vice-president and also as president of the Richmond Chapter A. I. B. and is now a member of the board of governors and chairman of its educational committee. Mr. Lee,

in speaking of his opinion of the A. I. B. opportunities, said in part: "In my opinion the American Institute of Banking is the one great hope for the young bank man, for it not only offers an opportunity for the study of banking, but active participation in Institute work, broadens a person and prepares him for more important duties." Mr. Lee, as evidenced by his promotion to this responsible position, has always hewed straight to the line, and his success has been made possible by strict adherence to high ideals, together with a sincere and pleasing personality.

NEW ORLEANS BANKS UNITE

The consolidation of the American Bank and Trust Company with the Liberty Bank, both of New Orleans, is announced. The new institution will have assets of more than \$4,000,000. The name of the bank will be the Liberty American Bank and Trust Company. F. P. Breckinbridge will be president.

FIRST NATIONAL BANK OF FORT SMITH, ARK.

In commemoration of its fiftieth anniversary, the First National Bank of Fort Smith, Ark., has published an attractive booklet in which it reproduces views of the different homes that the bank has occupied, and give a history of the bank and of the town of Fort Smith.

The bank was organized February 29, 1872, as "The National Bank of Western Arkansas," with a paid up capital of \$55,000. The name of the bank was changed to "First National Bank of Fort Smith" in 1888. Three increases of capital have been made, the last being in 1919, to \$500,000. On January 31, 1910, the bank moved into its own newly completed eight story building.

The comparative growth of the bank is shown by a comparison of the statements of the years 1872 and 1922. The capital has been increased from \$55,000 to \$500,000; the surplus and earnings in 1872 were \$2405.49, as compared with \$508,058.39 in 1922, and the deposits, which were \$22,399.44, have been increased to \$5,069,398.14.

The officers of the bank are: F. A. Handlin, president; A. N. Sicard, W. L. Seaman, vice-presidents; A. S. Bullock, cashier; Wood Netherland, E. E. Wilson, S. B. Stevinson, Neil Sims, assistant cashiers.

The directors are: F. A. Handlin, A. Y. Berry, A. N. Sicard, W. L. Seaman, A. L. Ferguson, A. S. Bullock, J. S. Parks, Charles T. Orr, Joseph V. Ferrari.

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

THE favorable turn in the tide of business has been emphasized this month by the statements presented by Chicago banks in response to state and national calls for reports of condition as of March 10. These show a material increase in deposits in the first two months of the year, and also a considerable expansion of loans. These changes were more noticeable among the national banks, which are the large commercial institutions of the city, than among the state banks, among which are the largest holders of savings accounts. The gain in deposits by the national banks since December 31 was about \$120,000,000, or about 17 per cent. The increase of the state banks was proportionately less, but was sufficient to show an unmistakable general trend. Part of the gain no doubt was due to an accumulation of funds in preparation for the income tax payments of March 15, but this was not the controlling reason for the increase. The loans of national banks were increased by about \$80,000,000 in the same period, while those of the state banks show a slight decrease.

In spite of the increase in loans the position of the Federal Reserve bank has improved in the last month. This indicates still further progress in liquidation by country banks, releasing a considerable quantity of funds of the city institutions which for a long time were tied up with paper that was not eligible to rediscount. The ratio of reserves to combined note and deposit liability is around 75 per cent., and the figures have resumed an upward course following a temporary setback due to the March 1 settlements in the rural districts.

The returns from the first instalment of income tax payments this year are not reassuring to the banking and commercial community. They indicate that the total of revenue from this source will not come up to the estimates of the treasury department, at least if the proportion collected in this district holds good throughout the country. This may mean a revision of taxation plans

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over \$8,000,000*

Saint Louis



in a direction that is not at all to be desired. The reason for the disappointing nature of the returns is to be found in the heavy losses sustained by corporations in the first half of 1921. While there was improvement in nearly all the important industries in the latter six months of that year, profits were absorbed by the heavy writing down of inventories made necessary earlier by the decline in prices, and as a rule large deficits have characterized the annual reports which have been coming out since January 1. This condition affects many of the corporations that have been the largest taxpayers of the district heretofore, and where deficits have been escaped there has been a great shrinkage in the revenue

The
**UNION TRUST
COMPANY**
Cleveland

ONE of the country's mightiest banking institutions and the center of commercial banking activity in the great, wealthy industrial section midway between Chicago and New York

Capital and Surplus
\$33,375,000



to be paid. A case in point is that of the largest oil concern in the district, which last year set aside \$20,000,000 for its taxes for the previous twelvemonth, and this year expects to satisfy the collector with less than \$2,000,000.

The offerings of treasury certificates of indebtedness bearing interest at the rate of $4\frac{3}{4}$ per cent. seems to have definitely checked the downward course of charges on commercial loans and to have "pegged" them at a level proportionate to the yield from the government paper. Commercial paper rules at 5 to $5\frac{1}{4}$ per cent., with other forms of accommodation at $5\frac{1}{2}$ to 6 per cent.

The advance in prices of grain and livestock, which at one time meant an increase of probably \$1,000,000,000 in the values of farm products, seems to have passed its peak and there have been some recessions since the highest point recorded in February. The greatest benefit to the producers of the Central West from this rise has been in the returns on their corn crop, the farm reserve figures of the Government on the first of March showing 42.6 per cent. of the last year's production still on the farm. This benefit is derived, not only from sales of grain, but from its enhanced feeding

value, for with hogs around \$11, as they have been quoted for some weeks, the return to the farmer is even better than indicated by the price of corn. The improvement in sentiment resulting from this relief to the agricultural interests of the section continues to be one of the most encouraging features of the business situation, although it has been modified somewhat by the checking of the advance in prices. Its effect is seen rather in accelerating the liquidation of debts than in any pronounced increase in the disposition to buy merchandise.

The volume of orders received by wholesalers and the large mail order houses is still a little behind that for the corresponding time last year and betterment is slow. Merchants' stocks are in healthy condition, as a rule, and a little more confidence is displayed in the making of commitments for spring and summer trade. Buying, however, is still of a hand-to-mouth character generally. In textiles the hope of lower prices inspired by wage reductions in mill centers has checked purchasing to some extent, but this influence has been offset in large part by the narrowing of margins of supplies because of curtailed production. Shoe trade is good, having responded satis-

factorily to further downward revision of prices. Clothing distribution is only fair. There is a noticeable increase in the demand for dress fabrics and home-work accessories. Household furnishings have been unusually active for the season, as there was more than the normal amount of dwelling construction during the winter, and the outlook for this department when the refitting season opens is encouraging.

Retail business is quiet, as is to be expected at this between-seasons time, its mainstay being the special sales common in the early months of the year. These have met with a satisfactory turnover where price concessions were attractive, but the disposition on the part of buyers to discriminate closely is increasing rather than diminishing.

In manufacturing the most cheerful news comes from the iron and steel industry. The operation of plants in the district is now at about 60 per cent. of capacity, which compares with the low point of 25 per cent. last July. The increase in the last month or so has been around 20 per cent. Some thousands of workmen have returned to the mills, which has relieved unemployment conditions considerably. Buying of equipment, rails and track accessories by the railroads is responsible for most of the improvement in this field, but there has also been some gain in the demand for pipe, structural materials and miscellaneous finished products. One of the largest car-building plants of the district is now operating at virtually full time, and the others are gradually increasing their working forces. Pig iron is now quoted at about \$22, as against a recent low figure of \$18. Shapes, bars, plates and sheets have firmed up materially and the trend of prices is upward. Automobile shipments show a gratifying increase and implement manufacturers are taking materials more freely. There is more inquiry for tools and machinery from the farming regions, but the awakening is not sufficient to justify any great change in the conservative manufacturing programs already mapped out for the year.

Building activity promises to be an important factor in the progress of business toward normal in the next few months. The numbers of permits issued and the amounts involved continue to show a large increase over the corresponding time last year. Labor conditions are improving slowly and many of the large projects which have been held up for several years by high prices and trade conflicts will go ahead as soon as weather conditions permit. There will also be a large amount of road con-



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struction in all the states of the district and already contracts for materials for these enterprises are being let. Supplies of materials for building are not excessive and these markets have been given a firm tone by the expectation of a large demand in the next few months. Prices have not advanced much, but conditions do not hold out much prospect for concessions in the immediate future. A exception is found in

cement, as there has recently been a break in the close working agreement of manufacturers, and a recent contract for a large amount of material for Illinois highway work was let at 25 cents a barrel less than the scheduled quotations.



CONVENTION DATES

Financial Advertisers Association—at Milwaukee, June 11-15.

Reserve City Bankers Association, Kansas City, May 22-23.

Illinois—at St. Louis, June 22-23.

Indiana—at Indianapolis, Sept. 13-14.

Wisconsin, aboard steamer, June 17-24.

Ohio—at Cincinnati, May 24-26.

Iowa—at Davenport, June 5-7.

Missouri—at Excelsior Springs, May 16-17.

Minnesota—at St. Paul, June 20-21.

Michigan—at Detroit, June 12-15.

CHICAGO BANKS REVEAL INCREASE IN DEPOSITS

Loans and discounts of the national banks at March 10, 1922, were \$595,897,528, compared with \$523,466,516 at December 31, 1921. Total deposits were \$792,308,648, compared with \$675,511,123. Cash resources were \$228,945,533, compared with \$207,276,267. Savings deposits were \$39,706,873, compared with \$40,510,008.

Loans and discounts of the state banks at March 10, 1922, were \$765,891,039, compared with \$776,013,027 at December 31, 1921. Total deposits were \$1,065,514,822, compared with \$1,029,854,297. Cash resources were \$223,151,285, compared with \$221,657,649. Savings deposits were \$462,051,246, compared with \$454,353,236.

THE MIDLAND BANK

The latest statement of the Midland Bank, of Cleveland, indicates that the phenomenal growth of that institution still continues. Deposits have passed the ten-million mark and resources now approach \$12,800,000.

The Midland opened for business April 4, 1921, and, although the year has been a bad one for bank deposits in many sections, the bank has made steady and rapid progress from the first. Here are the deposit totals:

May 4, 1921, \$2,672,053.04; June 30, \$3,127,225.44; September 6, \$4,434,792.84; December 31, \$6,608,728.98; March 10, 1922, \$10,098,648.47.

The Midland Bank has recently leased the ground floor and basement of the Williamson Building, on the Cleveland Public Square, and will take over these quarters, which are now occupied by the Fourth Federal Reserve Bank, on January 1, 1923.

William P. Sharer, formerly president of the First National Bank of Zanesville, Ohio, is president of the Midland. He has twice been president of the Ohio Bankers Association, has served as chairman of the A. B. A. Public Relations Committee, and is now active in the Public Service Committee of the State Bank Division.

H. I. SHEPHERD ELECTED VICE-PRESIDENT

Howard I. Shepherd of New York has been elected a vice-president of the Guardian Savings and Trust Company of Cleveland, President J. A. House has announced.

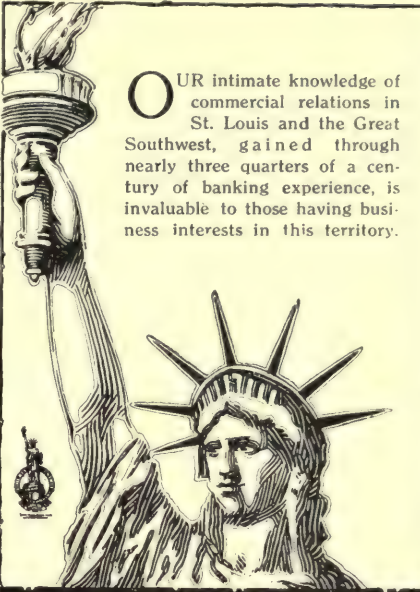


H. I. SHEPHERD

Elected vice-president Guardian Savings and Trust Company, Cleveland

Since November, 1919, Mr. Shepherd has been on the executive staff of the J. N. Willys' companies in New York, and in this work he was in contact with bankers throughout the East and Middle West.

Before going to New York, he was for six years executive vice-president of the Ohio Savings Bank and Trust Company of



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TRUST COMPANY**
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ORGANIZED 1888
SAINT LOUIS

Toledo. At the time of his resignation he was chairman of the Toledo Clearing-House Association, and for two years he was president of the Trust Company Section of the Ohio Bankers' Association. In 1918 he was chairman of the committee which recodified the Ohio Banking Act.

Mr. Shepherd has an extensive acquaintance among bankers and business men, and is known as an expert in the banking needs and problems of corporations. He began his duties with the Guardian Savings and Trust Company, March 15.

W. FRANK McCLURE

W. Frank McClure, for three years advertising manager of the Fort Dearborn Banks and editor of the *Fort Dearborn Magazine*, according to announcement made here, has become director of advertising for the American Bond and Mortgage Company. Simultaneously the announcement was made that the name and good will of the *Fort Dearborn Magazine* have been purchased by the American Bond and Mortgage Company, which company will continue to publish it.

Mr. McClure is widely known in advertis-

1865



1922

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This bank has never refused a loan to a customer on account of the condition of the money market. When it has been necessary to rediscount with the Federal Reserve Bank in order to meet the legitimate requirements of our customers we have not hesitated to do so. We believe that the Federal Reserve Bank, in which we are a member and stockholder, was established for that purpose.

At the date of the last Comptroller's call we had no rediscounts, but our customers, whether banks, corporations or individuals, may rely upon us to continue the same policy, when necessary, on their behalf.

The NATIONAL CITY BANK of CHICAGO

DAVID R. FORGAN, *President*

BANKS AND BANKERS DEPARTMENT

FRED A. CRANDALL, *Vice President*

S. P. JOHNSON, *Asst. Cashier*

R. V. KELLEY, *Asst. Cashier*

ing circles. He is the founder and present head of the Chicago Advertising Council, the largest advertising club in the world, and is also chairman of the National Advertising Commission.

W. R. COMPTON OPENS LAND BANK

William R. Compton, president of the American Trust Company of St. Louis and of William R. Compton Company, announces the formation of the St. Louis Joint Stock Land Bank, with a capital of \$250,000 and a surplus of \$25,000. The bank is to be located in St. Louis. Mr. Compton will be chairman of the board.

J. H. KENNA ELECTED CASHIER OF GARFIELD STATE BANK

At the regular meeting of the board of directors of the Garfield Park State Savings Bank, Chicago, J. H. Kenna was elected cashier, succeeding Arthur A. Marquart, who is now vice-president.

Mr. Kenna started his banking career fifteen years ago as messenger boy at a salary of \$2 per week and has come up through the ranks. He is a progressive young man and has always taken an active part in all civic and community affairs.

Deposits of the Garfield Bank have reached the highest point in the bank's history, \$4,285,000, and savings deposits are increasing daily.

NEW BANK ORGANIZED

The Farmers Bank of Cleveland, Ohio, a new institution, opened its doors for business on March 4. The new bank is located on Lorain avenue, opposite Denison avenue, S. W. The Farmers Bank has a capital of \$50,000 and a surplus of \$12,000. Its officers are: James C. Thompson, president; E. O. Hartshorne, vice-president; Harry W. Lower, secretary; John R. Olderman, treasurer, and E. J. Harding, cashier.

MILWAUKEE BANK ORGANIZED

The Liberty State Bank of Milwaukee, Wis., a new bank, opened its doors for business on February 25. It is situated at Twelfth street and Garfield avenue. It has a capital of \$100,000 and a surplus of \$20,000, its stock in shares of \$100 having been disposed of at \$120 per share. Its officers are: I. J. Rosenberg, president; Charles E. Tegge and Dr. H. F. Germain, vice-presidents; E. G. Schleiger, cashier, and P. H. Sosoff, assistant cashier.

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in the World*

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E. B. WILSON

E. B. Wilson has just recently been commissioned National Bank Examiner, with his office in Des Moines. It is understood that his territory will be wholly in Iowa. Mr. Wilson formerly was state bank examiner. For the last three months he has been connected with the War Finance Corporation in Washington, D. C.

CASE PLOW COMPANY CUT PRICES

The J. I. Case Plow Works Company in Racine, Wis., has reduced the price of the Wallis tractor, together with a J. I. Case three-bottom tractor plow, to \$995. The same combination a year ago sold for \$2023.75. This remarkable price reduction, which is below normal and the lowest price that this equipment has ever sold at, was made by the J. I. Case Plow Works Company officials after carefully considering all the angles contributing to business stagnation today, and while this price is considerably below cost, it was felt that a price must be put on these products that will enable the farmer to buy his much-needed power equipment and help lower his cost of production.

H. M. Wallis, president of the J. I. Case Plow Works Company, when interviewed on the subject, said that this cut was his company's contribution to relieving the frozen channels of agricultural and related business and to help the farmer restore agricultural conditions to normalcy. Mr. Wallis further stated that one of the strongest factors in the decision to make this below normal price reduction was the thought that it would help put Racine's unemployed labor back to work; that it is hoped that the \$995 price on the Wallis tractor and Case tractor plow will stimulate buying. This, in turn, will mean the building of the goods which will require much Racine labor that is now idle. Mr. Wallis further stated that if his company could help complete this cycle and help the Racine unemployed situation the losses involved in this price reduction would accomplish the object sought.

He further stated that the cut in price was not made to unload tractors as is the case of some other companies, because there are no Wallis tractors to unload, but the cut was made to help the adverse agricultural conditions and to stimulate buying among the farmers of the products of this company, because the minute buying of Wallis tractors started, it would mean the opening of the great J. I. Case Plow Works Company plants, and put hundreds of workmen now unemployed back to work.

Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico and Oklahoma

ECONOMIC CONDITIONS IN THE WESTERN STATES

By SAMUEL SOSLAND

EXPRESSIONS of gratefulness and regret mark current comments on business in the Western states. There is gratefulness over the fact that cattle, sheep, hogs, wheat, corn and other farm products are bringing better prices—sharply higher prices in instances. On the other hand, there is regret over the seriousness of the problems which still confront the Western states, especially in liquidation. So serious are these problems in many instances that to anticipate a sharp revival in business as a whole, or a return to generally prosperous conditions, is to attempt to count on almost a magical turn. But the Western states are far more grateful than regretful, for the changes in prices they have witnessed in the last three months are remarkably favorable and have permitted greater improvement in business and financial conditions than many conservative or even optimistic interests had considered probable.

If the recent turn for the better in prices of livestock and grain had started with normal banking conditions in the Western states, it is probable that by this time this territory would be well on the road to the degree of prosperity which the most hopeful of its farmers, stockmen and bankers relish. However, the sharp advances in sheep and lamb, which led in price movements on markets, have not cleared up the wreckage the precipitous declines of the last two years left behind. The wreckage left behind by the sensational break in cattle prior to the upturns of the past three months has not been cleared up by any means. It is the same in the case of grain. At the same time, consideration must be given to the fact that in the grain trade the advances found many localities in the West with low reserves to sell. Profitable prices bring no revenue when there is nothing to sell. This is the situation in some localities. Still, profitable prices have a stimulating influence on sentiment, reassuring borrowers as to their ability to pay in the future and making bankers more hopeful.

Much can and must be said of the many favorable developments witnessed thus far in 1922 in the business of the West. To appreciate fully the significance of these developments, however, it is well to examine the most unfavorable factor in trade. To do this it is necessary to turn to the state of Oklahoma.

Of all the states in the group designated as Western, Oklahoma is contending with the most serious banking situation. As a result of the difficulties gradually accumulated from the evils of the state bank deposit guaranty law, the Oklahoma banks holding forced membership in the guaranty fund are having a hard time in many instances. Cotton has advanced sharply, wheat is much higher, livestock is bringing better prices and commercial feedstuffs are bringing more money, but it happens that Oklahoma had about as serious a cotton failure last year as any state in the cotton areas. High cotton is, therefore, of no avail. Profitable cattle prices also are temporarily without avail. Oklahoma flour mills are talking about the necessity of going outside their state for wheat for milling purposes. This combination does not bring new money into the state. It feels better over the higher prices, but in the meanwhile it is not recovering as one might suppose from a comparison of farm prices. Recovery will come when a large harvest is produced later this year.

Pending improvement in actual revenues, Oklahoma state banks are trying to get out of the state guaranty system, converting into national banks, and there have also been many failures. The banking troubles of this state are greatest where cotton is the principal crop.

No state of the West is without at least localities where short harvests last year, together with overexpansion of loans, created a banking situation that higher prices for grain and livestock have failed to effect a complete recovery to normal. These sore spots are going to bring out more failures among banks and other enterprises, but, happily, there are many bright phases in the situation.

There has been so much improvement in

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the outlook for winter wheat in Kansas, Oklahoma and Nebraska that a real basis for some enthusiasm over the agricultural situation exists. Many fields of winter wheat that had been believed dead have lately given evidence of life. The present prospect is that a minimum of land sown to winter wheat last fall will be abandoned. A large winter wheat crop is in prospect, with indications that the world will need every bushel at profitable prices. In addition, the moisture has put the soil in excellent shape for spring seeding operations. There is strength in seed markets, a sign of active buying of seeds by farmers. Farmers are not going to strike; cheered by recent advances in prices, they are going to seed large areas in crops this season. What more can be asked of farmers?

Hogs are bringing almost double the low prices of last fall. Cattle are up as much as \$1.50 per hundredweight. Sheep and lamb prices have more than doubled. A nationally known livestock banker commented regretfully some weeks ago on the astonishment of a banker in the East when asked to purchase a loan on ewes. The Eastern banker wanted to know what ewes meant. Perhaps this banker and others will understand what has happened in the sheep market when the case of a flour dealer at Kansas City is cited. This dealer decided last summer to buy six ewes to run on the lawn surrounding his home. He knew a little more about ewes than the banker, who didn't even know what the word ewes means. So the flour man suffered the loss of four of the ewes through death. He decided some weeks ago to sell the other two. He received more than the six had cost him. Imagine what this means to millions of head of sheep and lambs in the West. Imagine what it means to the feeders of thousands of head. It is not necessary to do more than that to appreciate the reversal from

gloom to optimism in the sheep states of the West. Higher wool prices help, of course. Lately wool has not been quite so strong, however. Feeders of cattle are earning profits, but those who bought a year or two years ago are still perplexed by the great difference in prices. Horses and mules are still disappointing producers.

Upturns in livestock made feeders stronger buyers of feedstuffs. Corn then advanced. Oats moved up. All other feedstuffs followed. Such big corn states as Nebraska, which were forced to borrow heavily of the War Finance Corporation, have profited most from this change. In wheat recent rains have weakened the market slightly, but the supply situation promises to assist in continuing prices at the current level. However, the West has less wheat to sell than a year ago, so smaller revenues are probable from this source until the next harvest begins moving. Wheat probably reveals better than any other product the influence of the policy of conservatism that prevails in business through the country. Jobbers, bakers, wholesalers and other flour handlers are buying flour in smaller lots than in years and carrying smaller stocks than normal. Wheat would be higher except for this situation, yet the cautious, small lot buying tends to stabilize the market.

In wholesale and retail channels there is a better tone and some improvement in the volume of business. But the improvement is not commensurate with the changes for the better in grain and livestock prices.

The influence of easier money in the East and the accumulation of funds in the hands of large mercantile and industrial establishments that were not hit hard by deflation tend to make money easier in the West. There are, however, many localities where money is very tight. War Finance Corporation funds are being used liberally, ai-

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Capital and Surplus, \$2,000,000

though the demand is not so strong as a month or two or three months ago. The West holds that easier money in the country has helped to advance many foreign exchange rates, with a stimulating result upon its export trade. But the West is disappointed that easier money has not made for more speculation or freer buying of its products in the large consuming markets. Apparently the lessons of deflation have not been forgotten.

Building of homes in cities is moderately active, but there is no building boom. Narrower margins of profit and a smaller volume of business in general are reducing demand for office space for commercial purposes. This affects new building. Lower average wages affected the building of homes. Industrially there is little change, although improvement is the rule. Coal is still depressed. There is a better tone in the petroleum industry. Copper interests are not enjoying improvement of importance. There is still much idle labor, although spring work on farms will bring some change.

On the whole, the West is in better shape and in a better mood. But the West had a very high fever some months ago. It is

still very sore in spots. But it is rallying in a manner that augurs well for the future if only Europe will maintain its current buying power, which is above the pre-war average, and if domestic markets will manage to absorb at least the recent volume of its products.



CONVENTION DATES

Kansas—at Wichita, May 18-19.
New Mexico—at Las Vegas, Sept. 22-23.
Wyoming—at Laramie, Sept.
Oklahoma—at Oklahoma City, May 23-24.
North Dakota—at Minot, June 15-16.
South Dakota—at Aberdeen, June 7-8.
Nebraska—at Omaha (undecided).
Colorado—at Glenwood Springs, June 22-23.
Arizona—at Bisbee, Nov. 10-11.
Montana—at Missoula, Aug. 18-19.

HOME OF PUEBLO SAVINGS AND TRUST REMODELED

One of the finest banking houses of the state is the new home of the Pueblo Savings and Trust Company at Pueblo, Col., which



GEORGE WINGFIELD

President Reno National Bank, Reno, Nev.

Mr. Wingfield was born in Arkansas and has always lived in the West. Having been raised on his father's ranch in Oregon, he has taken interest in ranching and the livestock business.

He is the controlling factor in the First National Bank of Winnemucca, Bank of Nevada Savings and Trust Company of Reno, Carson Valley Bank of Carson; John O. Cook & Co., bankers of Goldfield; Tonopah Banking Corporation, Tonopah; Bank of Sparks, Sparks; Churchill County Bank, Fallon; Virginia City Bank, Virginia City.

In addition to this he is the president of the Goldfield Consolidated Mines Company and numerous other mining corporations, and has extensive ranch, hotel and livestock interests.



LOUIS W. KNOWLES

Vice-president Reno National Bank, Reno, Nev.

Mr. Knowles, who was formerly with the Liberty National Bank of New York, is now a vice-president and director of the Reno National Bank. Mr. Knowles was graduated from Coes Northwood Academy, and after completing a commercial and stenographic course in New York in 1901 he joined the Liberty National Bank. He had experience in various departments of the bank, organizing the credit department. Later he became assistant cashier, and upon the merger of the bank with the New York Trust Company became assistant treasurer.

has been extensively remodeled and recently opened to the public. Light gray terra cotta forms the base of the exterior facing of the building, bronze grill work covering the doors and windows and Doric columns flank the doorway. Entering the banking rooms, the visitor finds the office of the president, and on the left the consultation room for customers. Beyond the president's office are

the enclosures for the cashier and other officers and next to them the tellers' cages. The cage work of the tellers' enclosures is constructed of mahogany and bronze grill work, and an effective decorative scheme is carried out in light grays and ivories on the walls. Additional working space is provided by a mezzanine floor at the rear of the main banking corridor, and here a part of the clerical force will be located.



Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,
Arizona and Alaska

ECONOMIC CONDITIONS IN THE PACIFIC STATES

By J. F. DONNELLAN

DURING the past month nearly every industry has shown steady improvement and increasing confidence. Prices are being adjusted in the direction of stability. Higher prices for farm products and an approaching parity between raw material prices and those of the manufactured product have been the vital factors. The fortunate advance in farm products has helped to liquidate loans in sections where there was an acute credit strain last year.

There are abundant funds to be borrowed for legitimate purposes, banks, however, limiting the volume designed for speculative or non-productive purposes. Interest rates continue to show a softening tendency. The investment market during the month has been remarkably active, the demand coming from all classes of investors and showing a preference for long time securities. From all parts of the West come reports of heightened activity in building lines and many projects which have been held up for some time on account of prohibitive costs are now under way.

Unless building prices should again advance the coming year should see a great building movement. Lumber production is only about 11 per cent. below normal. Damage to citrus crops by cold weather will curtail the orange and lemon output from 50 to 60 per cent. this year. Deciduous fruits are in good condition. In grazing sections it is reported that new grass has made excellent growth, and livestock conditions are good. The carryover of farm products is relatively small. Canned goods are pretty well cleaned up. Financing of this year's farming operations will present no great problem. As for the Hawaiian sugar companies, no one expects them to make any large profit this year, but it is believed that large profits should be made by most plantations on the 1923 crop.

CONVENTION DATES

American Institute of Banking, Portland, Ore., July 17-20.

Investment Bankers Association, Del Monte, Oct.

Oregon—at Portland, July 17-20.

Washington—at Spokane, June 9-10.

Utah—at Salt Lake City, June 16-17.

California—at Del Monte, May 24-27.

Idaho—at Hayden Lake, June 6-7.

W. G. McADOO IS BANK OF ITALY COUNSEL

Appointment of William G. McAdoo as general counsel for the Bank of Italy, one of the largest banking institutions in the state, was announced recently. Mr. McAdoo had been of counsel for the bank while he was practicing in New York, the announcement said, and his removal to California gave opportunity for the more important appointment.

RALPH P. ANDERSON

Ralph P. Anderson has resigned as manager of bank and financial advertising with the K. L. Hamman Advertising Agency, Oakland, Calif., and its affiliated organization, the Johnston-Ayres Company, San Francisco.

Mr. Anderson was formerly manager of advertising and new business, and assistant to the president, of the Sacramento San Joaquin Bank, with headquarters at Sacramento and branches in Stockton, Modesto, Oakdale and Fresno. He was at one time secretary of the Sacramento Ad Club, and was president of the Anderson-Ross Company, a Sacramento advertising organization.

In the past several years Mr. Anderson has been a frequent contributor to banking, advertising and general business magazines, and has attained a national reputation in the field. Several of his articles have appeared in THE BANKERS MAGAZINE. He will now devote his time to free-lance writing, and will also offer an advertising service for banks.

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*Prompt handling of collections through close connections on each of the Islands in the Territory.

BANK OF ITALY CHANGES

J. Martyn Turner, credit manager for the Federal Reserve Bank in San Francisco, and John Riordan, for many years manager of the credit department of the American National Bank, have resigned, to become associated with the Bank of Italy's head office credit organization in San Francisco.

Mr. Turner has been a member of the staff of the Federal Reserve Bank since 1916, coming from the Bank of Montreal. His familiarity with branch banking methods, gained during five years in Canada and by his association with the Federal Reserve Bank, furnishes an especially valuable background for him in joining the Bank of Italy's organization. Mr. Riordan is one of the best known credit men in San Francisco.

Both men are graduates of the San Francisco Chapter of the American Institute of Banking, and Mr. Turner was recently elected one of its vice-presidents.

Lloyd L. Mulit, formerly first vice-president and a director of the Northwestern National Bank of Portland, has been named manager of the credit department, succeeding J. E. Fickett.

J. L. Williams, vice-president, it was announced, will be permanently located at the bank's Los Angeles branch. Prior to his connection with the Bank of Italy, Mr. Williams was an officer of the Irving National Bank in New York, in charge of its foreign department. He is regarded as one of the Pacific Coast's best authorities on matters of international business.

Mr. Williams will be accompanied in his transfer to Los Angeles, by F. G. Lunge, who was previously Mr. Williams' assistant

as manager of the Bank of Italy's foreign trade division.

FIRST NATIONAL BANK OF LOS ANGELES

By a transaction just consummated, the National Bank of Tulare and the Savings Bank of Tulare, which constitute one of the strongest financial institutions in Tulare County, becomes closely affiliated with the First National Bank of Los Angeles and the Los Angeles Trust and Savings Bank, of which Henry M. Robinson is president.

The resources of the National Bank of Tulare totaled, on December 31 last, \$1,131,380.57, while the Savings Bank of Tulare, at the same time, showed resources of \$281,432.37, a total addition to the resources of the Robinson banks of more than \$1,412,812.94. The total resources of all the affiliated banks under the call of December 31 last are \$184,073,261.15.

L. L. Abercrombie, president of the Tulare institutions, is well known throughout the southern San Joaquin Valley, and will continue in office. G. F. Gill is vice-president of the National Bank and A. Peterson is vice-president of the Savings Bank. W. P. Williams is cashier of both banks.

TO CHANGE NAME OF BANK

The First Savings Bank of Oakland, Cal., with resources of \$11,000,000, has asked permission to change its name to the American Bank. This institution was established in 1908, has two active branches and will start two new branches in the near future.

It is one of the group of banks controlled by Philip E. Bowles, who is chairman of the board of directors of the American National Bank of San Francisco, president of the First National Bank of Oakland, president of the First Savings Bank of Oakland and also the Stanislaus County Bank of Modesto, which he recently established in conjunction with a group of San Francisco and Oakland bankers.

INDUSTRIAL UNIFICATION OF THE PACIFIC-SOUTHWEST

In a paper on the industrial unification of the Pacific-Southwest, Dr. John Willis Baer, vice-president of the Los Angeles Trust and Savings Bank, Los Angeles, said in part:

"The economic development of the Pacific-Southwest has been, for a long time, agricultural. The soil and climatic conditions



Cotton

Cotton has been grown commercially in the Southwest since 1909.

Today it is one of the principal crops of this region—and the basis for a well-established and growing industry in the fabrication of cotton and cottonseed products. The average annual yield for the four years 1918-1921 inclusive, was 84,000,000 pounds.

A recent investigation and report by our **Department of Research and Service** presents some very interesting and important facts concerning opportunities for cotton mills in Southern California.

We will gladly furnish information, without charge, to those interested in industrial or agricultural opportunities in this region.

**Resources
Exceed
\$150,000,000.00**

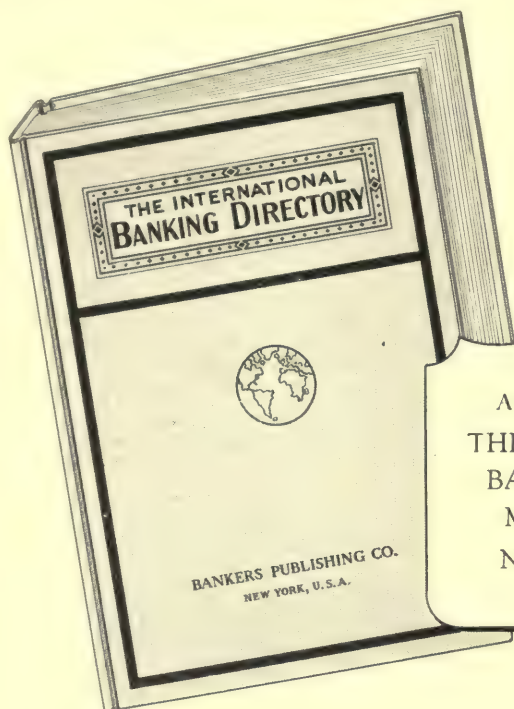
**SECURITY TRUST
& SAVINGS BANK**
LOS ANGELES

of this territory are such that a great variety of agricultural products, from the highly specialized crops of the orange growers to the livestock of the ranges, have brought important returns to producers. As the result, three of the leading agricultural producing counties in the United States are located in Southern California alone, Los Angeles County being the first agricultural county of the United States, with an annual production, valued at the time of the last census, in excess of \$7,000,000.

"There are ample indications that the great empire of the Pacific-Southwest will tend to center into the metropolitan area of

Los Angeles, with the principal financing, distribution and manufacturing centered in that community and with the contiguous territory producing the raw materials for fabrication. The extent to which this industrialization of the metropolitan area of Los Angeles has proceeded can probably best be illustrated by the fact that, whereas the annual value of agricultural products in Los Angeles County totals a little more than \$71,000,000, the annual industrial output of the county is valued at \$418,000,000, exclusive of the output of the motion picture industry which itself has a value at the point of production of approximately \$150,000,000.





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the Banks of
the entire World
under
one Cover*

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BANKERS
MAGAZINE
New York

Bankers, Exporters and Importers

WE announce the forthcoming publication of the 1922 edition of the INTERNATIONAL BANKING DIRECTORY. This publication will be found of inestimable value to those requiring a dependable and comprehensive reference book containing a complete listing of banks and bankers throughout the world. It gives in addition requisite information as to resources, branches, agencies and correspondents as well as the names of the principal executives.

In addition there are new maps in colors showing every country, a complete table of money values of every country, and other features of practical and daily use.

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ECONOMIC CONDITIONS IN CANADA

By J. W. TYSON

THE February move of the Canadian dollar to a level approaching par in the United States indicated again that exchange is one factor in finance that can never be forecast with any degree of accuracy or confidence—due, in great measure undoubtedly, to one important consideration. It is affected as much by that which has not transpired as that which has. This development came at a time when such bankers as Sir Frederick Williams-Taylor, general manager of the Bank of Montreal and president of the Canadian Bankers Association, and J. P. Bell, general manager of the Bank of Hamilton, were impressing upon the public the fact that under prevailing and prospective conditions the reasonable outlook was that the Canadian dollar would continue at a substantial discount in the United States for an indefinite period.

Several factors are contributing to this improvement in international financial relations. The strengthening of sterling is one. Then there has been a renewed movement of wheat to the United States in spite of the Fordney tariff barricade. Also it is reported that there has been considerable buying of exchange by bankers in view of probable financing by the government. The movement of wheat has come with the improved buying power of Great Britain and Europe, with its effect upon American stocks, and unsatisfactory reports regarding the winter wheat crop in the United States. The buying of exchange by bankers is more difficult to explain, particularly in view of the fact that while it is generally accepted that Canada will do some foreign borrowing in the comparatively near future it is not decided whether conditions in London or New York will be the more favorably regarded.

Internal business conditions are somewhat more cheerful as the result of the development in the markets for wheat and other agricultural products. For the time being the effect must be regarded as sentimental

rather than actual and the indications of speculative forces at work lead to the belief that there will be reactions. However, there can be little doubt but that with the industrial, business and financial communities looking to the new crop as the important factor in the restoration of more prosperous conditions, the rise in the market has created optimism because it not only means that a profitable crop is possible, but the advance has taken place early enough to encourage the farmers to seed normal acreage when this would have been a matter for doubt in view of the results last season. Wholesalers and manufacturers realize, too, that stocks of merchandise in the hands of retailers are light and that any revival of demand will be quickly reflected in orders; there is a tendency, therefore, to manufacture for stock in a moderate way. At the annual convention of retail hardware merchants at Hamilton, J. P. Bell, general manager of the Bank of Hamilton, spoke in an optimistic vein regarding the situation and outlook:

"We have our troubles here in Canada, but they are nothing so severe as they are in other parts of the world. They are the lesser problems of growth resumed. We have no war currency to deflate. Our budget is approaching a balance. In foreign trade our position is stronger than ever. Our field crops show an increase and we are producing—and no other country in the world can point to all these factors in February, 1922."

Overtures on the part of Canada through the finance minister Hon. W. S. Fielding to the United States for some measure of reciprocity in regard to agricultural and other natural products are not difficult to understand in view of the effects on international trade of the United States Emergency Tariff Act, which went into effect in May last. The following table shows the quantities and values of articles exported for the tight months from June, 1920, to January, 1921, as compared with the corresponding period in 1921-22. Wheat shipments fell off from 34,822,829 bushels to 10,995,402 bushels.

EIGHT MONTHS ENDED JANUARY

	1921 Value	1922 Value
Sugars	\$ 9,005,278	\$ 1,651
Tobaccoes	32,493	1,148
Butter	2,649,029	1,033,697
Cheese	114,382	372,910
Flaxseed	3,408,859	5,050,965
Fresh and frozen meats...	5,586,063	3,027,294
Prepared meats	480,869	130,025
Cattle	2,252,393	638,458
Wheat	77,650,986	13,356,674
Wool	1,818,064	13,562

January showed an unfavorable trade balance for Canada for the first time for this particular month since 1915. However, too much significance cannot be attached to the figures for any single month. For ten months ending with January there was a favorable balance of over \$20,000,000.

The absorption of the Merchants Bank by the Bank of Montreal had rather a depressing effect upon the financial situation for a time. From the first announcement there was no doubt but that the merger would go through, but there was a great deal of discontent with the conditions which had brought about a situation where the bank's reserves had been impaired to such an extent that it became necessary to do something to avert collapse. The after-developments have indicated that the president and directors were very lax in their control and that there had been looseness in regard to the management of the head office branch to such an extent that millions had been lost through speculative loans and unsound commercial credits.

There have been many demands for a government investigation, and it seems altogether likely that something will be done between now and the periodical consideration of the Bank Act next year to see if amendments can be made to prevent a recurrence of such a situation. One suggestion which appears to be well founded is that there should be a commissioner of banking at Ottawa who would keep in touch with the affairs of the various banks. At present there is a system of government reports, but evidently little effort is made to analyze these documents. In the case of the Merchants Bank there was nothing in the published monthly returns to indicate that reserves were being impaired. It is contended that with only a few big banks in Canada the government could easily make a practical form of inspection of the head offices—the branch system of these banks can be trusted to take care of itself through the bank's own system of inspection.

The question of agrarian finance is now before all three of the western provincial legislatures, but as yet no concrete program has been advanced. "The condition is

serious—for the farmers who want to borrow money," to quote the Regina Leader.

Provincial government experiments in farmer financing up to the present have not been cheering. The figures quoted by the Hon. Mr. Dunning in his budget speech to the Saskatchewan legislature, to show the amount of money owed the Saskatchewan Farm Loan Board on account of unpaid interest on farm loans are described by the Regina Leader as "disagreeably suggestive." For Manitoba the report of the Farm Loans' Association given to the legislature by the provincial treasurer, Hon. Edward Brown, too, reveals the present unhealthy status of Manitoba agrarian industry.

There is a disposition among Winnipeg bankers to believe that the Canadian Bankers' Association will act in concert with the Federal government in a pooled credit arrangement for all deserving agriculturists much as was formed for the farming community in the distressed areas of Southern Alberta. "Something must be done so farmers will not be driven from the land," said one banker earnestly.

The Manitoba and Saskatchewan government data will not, unfortunately, encourage fresh measures of financing in view of the known unbusiness-like performances of assisted farmers in retiring their obligations.

In Saskatchewan, as indicated elsewhere in this issue, the situation is so glaring that the Regina Leader is moved to accuse "that a percentage of the borrowers have failed to play the game squarely with the Saskatchewan Farm Loan Board"—which has been the contention of *The Financial Post* that government financed individuals are invariably prone to take undue advantage, that would not be permitted or possible with private enterprises.

Dismissing the western financial impasse, a Winnipeg bank executive told *The Financial Post* that if any Canadian bank was prepared to embark upon a policy of indiscriminate loaning at the present time that it could within three months easily double its present loans. The statement made as an illustration of the insistent demand for farm funds, is fully borne out by official data. The Manitoba Farm Loans' Association statement discloses that the board has received applications for loans aggregating \$15,800,000 and that a total of \$6,147,650 has been put out since the board began operations. Of this latter amount \$5,633,328 is stated to be outstanding. In Saskatchewan over 11,000 applications for loans have been received aggregating \$27,196,000 and \$8,500,000 has been extended.

Are You Interested in Canadian Trade?

If so, this bank can be of service to you. With Branches and direct connections in all important centres throughout the Dominion and a Foreign Department maintained exclusively for their needs, Importers and Exporters can rely upon an unexcelled service.



For further particulars write

Foreign Department Standard Bank of Canada TORONTO

Capital Paid Up - - - - - \$4,000,000.00
Reserve - - - - - 5,000,000.00

Discussing the situation in Saskatchewan, the Regina Leader says: "Today the board could place loans to the amount of almost \$20,000,000, if it had the money."



GREAT WEST BANK

Efforts to float the stock of the Great West Bank are being continued. The General Bond Corporation of Winnipeg is the promoting organization, and it is now hoped that the issue will be taken up by July 1. If this is the case, the shareholders will be called together to perform their duties according to the provisions of the Banking Act. In the meantime the Canada Trust Company is the custodian of all money paid on account of the stock.

It will be remembered that early efforts to float this project fell through because of some rather unfortunate developments. The idea now seems to depart from the plan of a purely western institution to make it a national one. Conditions, however, can hardly be considered favorable for the sale of stock in a new bank in view of the commercial and industrial situation. No doubt this institution if organized could make loans in western Canada, but whether such loans would be profitable is another matter.

MONTREAL CITY AND DISTRICT BANK

At the annual meeting of the Montreal City and District Bank, Senator Dandurand, the president, stated that owing to the gen-

eral industrial depression that had prevailed throughout Canada during the past year it was estimated that there had been a shrinkage in banking business in Canada of about two hundred million. The banks doing business from coast to coast, he declared, had felt this worst; those doing business chiefly in the Province of Quebec had felt it less, and his own bank, whose business was confined to Montreal alone, had felt it least.

The profits of the bank showed a slight increase over the year before, nearly \$248,000, out of which there was a surplus of \$42,149 to add to that on hand.

PROFIT AND LOSS

	1921	1920
Net profits for year	\$247,958	\$247,286
Dividends and donations.....	205,809	204,059
Profit and loss surplus.....	\$ 42,149	\$ 43,227
Previous surplus	323,449	280,222

STANDARD BANK OF CANADA

With a decline of \$5,827,000 in current loans, the Standard Bank for the year ending January 31 improved its position as regards immediately available liquid assets, although, naturally, profits declined. Investments in government securities increased by \$4,560,000, and investments in public securities decreased by nearly \$4,000,000.

The total reduction in assets was \$6,890,000—the difference between \$90,183,000 and \$83,293,000. The decline in savings deposits was only \$1,102,500, which is a very satisfactory showing in view of the general trend of savings accounts. Demand deposits decreased by \$1,166,000, circulation by \$1,413,-

000 and the amount due the Dominion government by \$3,327,000. A new item of \$2,190,000 as deposits made by other banks in Canada appears in the statement. Following are comparative figures from the profit and loss account:

	1921	1920	1919
Bal. forward	\$278,644	\$360,537	\$227,327
Profits	725,014	784,368	776,310
Prem. on stock..	148,499	226,501	.....
	<u>\$1,252,157</u>	<u>\$1,371,407</u>	<u>\$1,003,637</u>
Dividends	\$555,115	\$492,720	\$455,000
Pensions	25,000	25,000	25,000
Tax reserves	20,000	40,000	45,000
Reserves	200,000	300,000	.....
Tax on circ.....	39,550	35,044	35,000
Patriotic .....	.....	.....	8,100
Contingent	300,000	.....	.....
Premises .....	.....	100,000	.....
Balance	<u>112,492</u>	<u>378,643</u>	<u>360,537</u>
	<u>\$1,252,157</u>	<u>\$1,371,407</u>	<u>\$1,003,637</u>

BANKING CONDITIONS FOR FEBRUARY

The statement of Canadian chartered banks for February suggests that the readjustment which has resulted in a general scaling down of banking resources and liabilities is well spent.

Deposits show slight change from the preceding month after having shown heavy shrinkage. Notice deposits are down some \$1,800,000. Demand deposits increased close to \$1,000,000.

Deposits outside Canada show a gain of over \$12,000,000, suggesting that in countries where Canadian banks do business the situation is improving.

Some betterment in business is suggested by an increase in current loans of upward of \$5,000,000. Call loans in Canada show a further shrinkage of some \$2,000,000, to slightly over \$100,000,000, but loans in Wall Street increased over \$19,000,000, to \$155,706,861.

An increase in total assets and liabilities of the banks is noted, both showing gains of close to \$19,000,000.

NATIONAL TRUST COMPANY

The statement of the condition of the National Trust Company, Limited, of Toronto for the year ended December 31, 1921, showed a net profit for the year after deducting cost of management, directors' and auditors' fees, contingencies, etc., of \$301,865.03, which was appropriated as follows:

To quarterly dividends Nos. 85 to 88, at the rate of 12 per cent. per annum	\$240,000.00
To provide for Dominion Income war tax	25,000.00
Added to balance of December 31, 1920, and carried forward.....	<u>121,282.34</u>

CANADA PERMANENT MORTGAGE CORPORATION

The annual statement of the business of the Canada Permanent Mortgage Corporation for the year 1921 shows that the net profits for the year, after deducting interest on borrowed capital, expenses of management, all charges and losses, together with war revenue, dominion income and other taxes, amounted to \$896,366.02. The balance at the credit of profit and loss at the beginning of the year was \$154,770.58, making available for distribution \$1,051,136.60. This sum has been appropriated as follows:

To four quarterly dividends of 3 per cent. each on the capital stock.....	\$780,000.00
Balance carried forward at credit of profit and loss	<u>271,136.60</u>

The completion of the purchase of the assets of The London and Canadian Loan and Agency Company, Limited, in accordance with the agreement unanimously approved by the shareholders, increased the paid-up capital stock of the corporation to seven million dollars, with a reserve fund of seven million dollars.

The dividends paid during the last two quarters of the year were on the increased capital stock.

CANADA TRUST COMPANY

The statement of condition of the Canada Trust Company, London, Ontario, for the year ended December 31, 1921, showed, after defraying the expenses of management and other charges, and making allowance for actual and possible losses, the balance available for distribution is \$190,186.54, as follows: Brought forward from the previous year's account, \$20,641.95; net profits upon the past year's business, \$169,544.59, of which the following disposition has been made:

To two half-yearly dividends at 8 per cent. per annum and a bonus of 4 per cent.	\$119,988.00
To Dominion taxes (less provision made in former years).....	5,780.67
To provincial and municipal taxes.....	6,039.37
Transferred to reserve fund.....	50,000.00
Balance carried forward	<u>8,378.50</u>

The reserve fund now amounts to \$700,000, or 70 per cent. of the company's paid-up capital.

The company has no real estate on hand, all properties which have come into the possession of the company by foreclosure, failure to obtain purchasers under power of sale, or otherwise, having been sold.

UNION TRUST COMPANY

The statement of condition of the Union Trust Company, Limited, of Toronto for the

HOTEL



CECIL

THE "CECIL" is the hub of London for business or pleasure.

Visitors have the advantage of the right address with a reasonable tariff.

The service is quiet and unobtrusive, yet always fully efficient, nothing is lacking in comfort or convenience, and the cuisine is perfect.

Write or Cable to the Manager for the tariff

[Cables: "Cecelia, London"]



year ended December 31, 1921, showed a profit, after defraying cost of management, expenses and interest on guaranteed funds, of \$111,943.77, which was distributed as follows:

To payment of quarterly dividends.....	\$70,000.00
To office furniture and equipment and portion of cost of safe deposit vaults	7,778.94
To taxes and registration fees accrued and paid to Dominion and provincial governments and municipalities	13,935.44
Balance carried forward.....	117,064.50

"ARE WE DOWNHEARTED?" NO!"

"You know well the picture," says the *Farm News Letter* of the Canadian Bank of Commerce, "that these words call up from the first dark days of the Great World War—a troop of weary, mud-stained men setting forth to meet some unknown fate, to battle against fearful odds under conditions which might well quench every spark of hope, yet finding in their own determination and indomitable courage the spur to further effort. That they could give the answer in our heading as they struggled on persistently to victory has made it possible for us to carry on in Canada today. It was theirs to teach us then a lesson of resolute endurance

and dogged pluck. It is for us now to profit by their lesson and to see that we faithfully discharge the obligations under which they have placed us. Let us put our shoulder to the wheel, remembering that the trials and perplexities we are facing are as nothing compared with the greater hardships which confronted them, and which would now be overwhelming us had they not saved our country from the domination of the enemy.

"This is by no means the first time in the history of this country that hard conditions have been faced. The struggles of the early Selkirk settlers to overcome every kind of obstacle in their path and their final emergence from the perils of starvation, from devastation by grasshoppers, from flood and financial loss, form a marvelous tribute to the enduring steadfastness of the men and women of those days. What the pioneers could do by hard work and determination when settlement was sparse, when Red River carts provided the sole means of transportation and all the other aids to human effort were on a similar scale, we can surely more easily do with the much greater facilities at our disposal. In any case, he who today has food, clothing and shelter for his family can count himself fortunate compared with mil-

lions of people on the continents of Europe and Asia who are face to face with starvation.

"These hard years will assuredly give place to better conditions. Canada is a land of vast untouched resources, the development of which cannot fail to bring wealth and prosperity. And—what counts infinitely more—Canada is inhabited by a people who

are not accustomed to accepting defeat. When happier times come, what we are now going through will be but a memory to relate to our children just as the hardships of the early pioneers have been related to us. Let us take heart, therefore, and go forward with united front, with tenacity of purpose, and, above all, with faith in ourselves and in the future of our country."



American Bankers Association Notes

1922 CONVENTION OF AMERICAN BANKERS ASSOCIATION

For the first time in twenty years the annual convention of the American Bankers Association will be held in New York City, October 2 to 7. Arrangements for receiving the bankers who will attend are already started by Seward Prosser, president of the Bankers Trust Company and chairman of the committee of one hundred.

Sub-committees are as follows: Executive committee, chairman, Walter E. Frew, president Corn Exchange Bank; finance, Gates W. McGarrah, chairman board of directors Mechanics and Metals National Bank; reception, Thomas W. Lamont, of J. P. Morgan & Co.; to welcome wives and daughters of visiting bankers, Mrs. Dwight W. Morrow; hotels, Harvey D. Gibson, president New York Trust Company; golf, Mortimer N. Buckner, chairman of board New York Trust Company; entertainment, H. J. Cochran, vice-president Bankers Trust Company; convention information, Guy Emerson, vice-president National Bank of Commerce. Mr. Emerson, who will also be executive manager of the convention, has received a leave of absence from the bank to devote his entire time to the arrangements.

TEACHING BANKING METHODS IN SCHOOLS

The Pennsylvania Bankers Association, through its committee on public education, is cooperating with the principals and superintendents of the schools throughout the state to take the "mystery" out of banking for the school children.

A series of eight talks are given by bankers to the children monthly. The

first five talks were on: "The General Idea of the Bank," "The Bank Check," "Loaning the Bank's Money," "More About Loaning the Bank's Money," "Relation of the Bank to the Federal Reserve System."

To reach the parents the children are requested after each talk to tell their parents what they had learned that day. The working plan of the committee explains itself:

1. Coöperating bankers to meet with the principal or superintendent of schools in order to determine the number of schoolrooms in which each monthly talk will need to be delivered. Also, how the greatest number of pupils can be reached in an effective manner with the least effort.

2. For the first year it is thought best to attempt to reach only the high schools and the two grades immediately thereunder. This, however, is left entirely to the judgment of local educators and bankers.

3. Talks will be furnished by the committee monthly beginning October 1, 1921, to banks signifying a desire to be kept on the educational mailing list. These talks will cover only the more simple banking practice and will be of human-interest style—the aim being to arouse the interest and to command the attention of every pupil.

4. Each monthly talk to be delivered not later than the 25th of the month in which it is issued, on which date you are requested to release the talk to your local newspapers for publication (in a complimentary way) before the end of the month.

5. It will be found advantageous to have on hand a copy of the book entitled "Banking and Business Ethics," recently published by Rand-McNally and Company, jointly with a committee of bankers of the American Bankers Association.

6. In discussing plans with educators do not overlook our suggestion that the senior class of the high school be given the advantage of a short course in ordinary banking practice at the end of the school year, using the above book as a basis. Every young person about to enter practical life will profit greatly in understanding this important subject.

7. What is most needed in your local field is your personal help now in laying the foundations for a permanent educational program along the lines proposed.

WISCONSIN CONVENTION TO BE ABOARD STEAMER

The twenty-eighth annual convention of the Wisconsin Bankers Association will be aboard the steamer "South American," which will leave Milwaukee, June 17, and return June 24. These boat trips have been enjoyed by convention association members before and another was requested this year.

A full day's convention will be held in Milwaukee and the remainder of the convention meetings will be on the steamer. The cruise will be through three of the Great Lakes. The stopping places include: Sturgeon Bay—and the cherry orchards; Mackinac Island resort; the "Soo"—and its great locks; Detroit; Cleveland; two Canadian ports; Buffalo—with time for a trip to Niagara Falls.

ILLINOIS BANKERS CONVENTION

The convention of the Illinois Bankers Association is to be held at St. Louis June 22-23. The St. Louis bankers have appointed as committee on general arrangements and entertainment: Edward Buder, A. O. Wilson, J. W. Reinhardt, R. F. McNally, W. J. Brennan, M. R. Sturtevant, M. E. Holderness, Hord Hardin; and as hotel committee: Hord Hardin, chairman; T. E. Newcomer, E. J. Mudd.

The Jefferson Hotel has been selected as headquarters and the meeting place will be announced before very long. The administrative committee has appointed the following convention committees: Program—John A. Cathcart, chairman; Wirt Wright, W. C. White, M. A. Traylor, M. A. Graettinger; transportation—John A. Cathcart, chairman; Wirt Wright, W. C. White.

The program committee announces two speakers secured to date: Thomas B. McAdams, president American Bankers Association, and Hon. Louis T. McFadden, chairman house banking and currency committee.

PARENT-TEACHERS ASSOCIATION ENDORSED

The educational committee of the California Bankers Association is meeting with splendid coöperation in its campaign for public education on banking matters from the various school authorities in the state, and especially from the Parent-Teachers Association. The purpose of the Parent-Teachers Association is to coöperate with state authorities and educators in obtaining the best methods of child training. The departments of thrift and education particularly are of interest to bankers, and the committee on education of the California Bankers Association hopes with their help finally to include the study of banking and elementary economics in the public schools. Several books suitable for such instruction have been already prepared by various publishers. The committees on education of the various groups of the Bankers Association are urged to assist the Parent-Teachers Association in the way of talks on banking, and speakers wherever possible.

A. B. A. EDUCATIONAL COMMITTEE AT WORK

Lectures for the guidance of speakers on banking are being published by the committee on education. They are intended for addresses before school children and the general public, and deal in a simple, effective way with the facts and origin of economic conditions. "Money and Other Commodities," "Work and Wealth" are among the titles. This work links up with the efforts of the educational committees of the state bankers associations to promote the study of banking and economic principles in the public schools.

ELWOOD S. BARTLETT

Elwood S. Bartlett, member of the executive council of the American Bankers Association, is now director of the Union National Bank, Atlantic City, N. J. He has recently resigned his position with the Atlantic City National Bank.

ASSOCIATION ENLARGES ITS OFFICES

By authority of the administrative committee arrangements have been made for the Illinois Bankers Association to rent additional space in the Continental Bank Building, Chicago, immediately adjoining the present association offices, on May 1.

A. I. B. Notes



JAMES I. BUSH

Vice-president Equitable Trust Company of New York

Mr. Bush delivered an address at the recent banquet of the Maryland chapter of the A. I. B. He is also the first banker to deliver an address to a radio audience from station WJZ at Newark, N. J. His subject was investments, and he advised the public to form the habit of consulting their banks about their investments and not to put their trust in "tips."

CLASS OF A. I. B. AT CORSICANA

Preliminary steps have been taken to organize a class of the A. I. B. courses at

Corsicana, Tex. R. A. Caldwell, of the First State Bank, was chosen chairman of the organization.

A. I. B. TWENTIETH ANNUAL CONVENTION

The American Institute of Banking will hold its twentieth annual convention in Portland, Ore., July 17-20. This is the first convention to be held west of the Rockies since 1915—that being the occasion of the San Francisco exposition. The Institute has extended an invitation to the Oregon Bankers Association to hold its annual convention at the same time, and the invitation has been accepted. Large numbers of visiting bankers from California are expected for the joint meetings of the Institute and the Oregon Bankers Association.

NEW YORK CHAPTER GROWING

The New York chapter of the A. I. B. has had a remarkable growth from a small membership in 1901; it has grown to proportions that surpass many of our well known colleges. The total class registration is 2834, the individual registration 1597. Out of a total membership of 47,000 in the 105 chapters throughout the United States, nearly 6000 belong to the New York chapter. The Institute certificate is held by 3755 members, 411 of these having been awarded by the New York chapter.

The Chase National Bank of New York leads in the number of employees taking the course of work offered by this chapter.



Genealogy of the Union Trust Company of Cleveland

THE Union Trust Company of Cleveland has used the idea of the "family tree," as shown in the chart below, to show the many bank mergers for some years back that finally resulted in the Union Trust Company as it is today.

The Union Trust Company was the result of the merger of six Cleveland banks on January 1, 1921, Union Commerce National Bank, Citizens Savings

and Trust Company, First National Bank, First Trust and Savings Company, Broadway Savings and Trust Company and Woodland Avenue Savings and Trust Company.

A glance at the chart will show that altogether the names of twenty-nine banks are entered on the family tree of the Union Trust Company—the Brooklyn Savings and Loan Company making thirty!

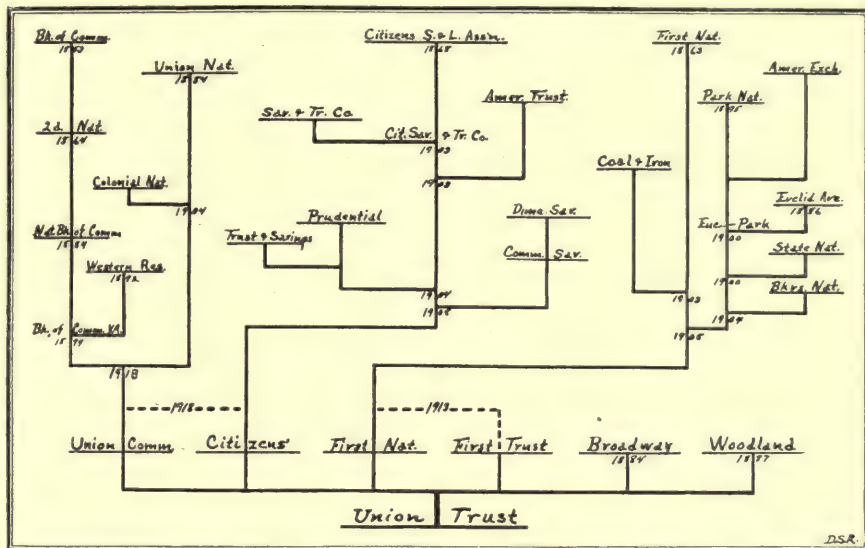
The bigger ancestors of the Union Trust consisted of three main lines of banks and bankers—the Bank of Commerce and Union National line, the Citizens line, and the First National line.

In 1829, a New York banker, George Worthington, went to Cleveland, opened a hardware store, and decided to organize a national bank in Cleveland. The result of his efforts was the First Na-

tional Bank of the American Trust Company was J. R. Nutt, now president of the Union Trust Company.

The Citizens continued to take in other banks. It erected the building at 814 Euclid avenue which is now the home of the downtown office of the Union Trust Company.

The Union Commerce National Bank was the result of a merger of the Union



This chart shows the "genealogy" of the Union Trust Company of Cleveland. Banks merged with the six large banks at the bottom of the chart between the years of 1918 and 1921 are not shown here as space is lacking

tional Bank, of which he himself became president. It was founded on May 23, 1863.

In 1895, John Sherwin, now chairman of the board of the Union Trust Company, organized the Park National Bank. Both the Park National and the First National continued to grow and take in other banks, until in 1905 these two banks merged under the name of the First National Bank. The First Trust and Savings Company was later organized as an affiliated bank.

The Citizens Savings and Trust Company first opened its doors in 1868 as the Citizens Savings and Loan Association. J. H. Wade was its president. In 1903 the Savings and Trust Company and the American Trust Company were merged with the Citizens. One

National Bank and the Bank of Commerce National Association.

The Union National Bank was organized in 1884. Senator Mark Hanna was its first president. G. A. Coulton, now senior vice-president of the Union Trust Company, was president of the Union National Bank at the time of its consolidation with the Bank of Commerce. The latter bank was the oldest ancestor of the Union Trust Company, having opened its doors in 1853.

The Broadway Savings and Trust Company was the first neighborhood bank ever established in a large city. It was founded in 1884, and was followed three years later by the Woodland Avenue Savings and Trust Company.

Principles of Sound Investment

By Leo V. Belden

Vice-President Bank of Italy, in Charge of the Bond Department

THE ideal investment should have the highest degree of safety and as attractive an interest rate as is consistent with the security.

The first consideration, naturally, is safety of principal, whether the investor possesses much money or little.

If there is the least question of the safety of principal, the contemplated investment ceases to be an investment and becomes a speculation.

The second consideration in investing is the interest rate, or income yield—the yearly return paid by the borrower for the use of the investor's money. It often depends upon the degree of safety the bond represents, as well as upon the degree of marketability, or readiness with which the bond can be converted into cash.

As to marketability, much money is lost annually by investors, who should insist upon this quality, while others sacrifice interest by buying marketability where it is not needed.

Sound investment bonds are grouped and rated by investment experts as they conform to the requirements of different investors.

To say that a bond is sound, that it has marketability, and that it returns an attractive interest rate, does not mean that your individual requirements are necessarily being met, or that you are getting the best value for your investment funds.

Where bonds are bought for more or less permanent investment, where no demands are apt to be made upon the capital thus employed, the investor who purchases bonds which are widely known and readily marketable is paying for something he does not need, and contenting himself with a lower interest yield—the inevitable penalty of possessing this feature of a bond investment in high degree.

Just as great a measure of safety can be obtained in less marketable bonds as in kindred securities having a more extensive acquaintance.

Sometimes, of course, there are in-

stances where men and women feel they may find it necessary to sell a portion of their securities to meet some special demand. It is, therefore, important that a portion of their investments be in some readily convertible securities. On the remainder they should get the higher rate of interest coincident with less marketability.

Many investors are holding and are purchasing bonds which possess the feature of being exempt from all Federal income tax, and yielding an interest return by reason of this exemption of one, two and more per cent. less than many other bonds not thus favored. To the man whose income is in the surtax class, this is the logical investment.

For instance, for a man whose income is between \$8000 and \$10,000 a year over and above exemptions, a fully tax-exempt bond, yielding $4\frac{3}{4}$ per cent. is practically as good as having a bond yielding 5.34 per cent., upon which full tax would have to be paid.

But for the man less blessed with income, such a bond does not fit. He is deliberately discounting the earning powers of his investment funds by sending them into channels which carry, we might say, a penalty for the privilege of being tax exempt—a privilege of no avail to the man of smaller income, inasmuch as the provisions of the income tax law do not affect him in degree sufficient to warrant the acceptance of the diminished interest return.

There are various other incidents in connection with certain bonds which may lead the investor unwittingly into the purchase of "misfits." There are institutions, such as insurance companies, for the sake of examples, who are willing to pay a higher price and secure less income for a bond which different states have declared as legal for the investment of funds of such institutions doing business within the particular state. But to the private investor that permission means nothing. Again he is paying for something of no use to him.

France Will Pay

THAT was good news contained in a recent dispatch from Paris, authorizing confirmation of a statement made by Premier Poincaré that France intends to pay her debt to the United States.

In expressing this opinion it is by no means intended to imply that the United States, on its own account, specially rejoices that this debt is to be paid. The chief cause for rejoicing lies in the effect the announcement will have in maintaining French credit and in contributing to greater confidence in the world credit situation. It would be impossible to maintain such confidence were any real doubts to exist as to the policy of countries like France and Great Britain as to their external debts. The latter country some time ago took a practical step toward removing such doubts, if any existed, by setting aside a definite sum to be applied toward payment of interest on the debt due to the United States. By the announcement of Premier Poincaré the purpose of France respecting its debt to this country is made equally clear.

This should establish the fact that the world's credit is not destroyed, as some gloomy prophets have feared, but that obligations are to be regarded as binding, however heavy the burden.

No doubt the examples set by France and Great Britain with respect to their foreign debts will be imitated by other countries, and with good effect. It may be heartily wished that the two countries mentioned may be able to collect the huge sums owing them from other countries, thus rendering less burdensome the discharge of their obligations to us.

From time immemorial the lending of money has been beset with more or less difficulty—a fact which renders the existence of a banker an unenviable one. To refuse a loan and keep a friend is a task which many bankers find to call for all their tact. Not infrequently the collection of a loan constitutes an equally perplexing undertaking.

Shakespeare has put into the mouth of "Polonius" maxims against borrowing and lending. But the garrulous old man was

giving personal advice to his son, and not addressing his remarks to bankers, international or otherwise. His observation, that "lending oft loses both itself and friend," might not be wholly inapplicable to the present world debt situation, although it is hoped that most of the international obligations growing out of the war will be finally settled without serious friction between the countries concerned. It must be admitted that the conditions are such as to render the matter exceedingly difficult. Therefore, the discussions in regard to these debts need to be carried on with great care, and the negotiations for settlement and ultimate payment conducted with due regard for all the perplexing factors involved.

No one can imagine that Great Britain and France will be able to pay their debts to this country without making heavy sacrifices, and the example they thus afford should not be lost on other countries indebted to them. The European nations that have borrowed from France and Great Britain are likely to want loans again once the capacities of their printing presses are exhausted, and they can hardly expect fresh applications to be successful unless they first show a disposition to meet obligations already outstanding. Nor could they apply to the United States with any more hopes of success.



Putting Gold in Circulation

TREASURY regulations looking to the keeping of the country's gold supply in the banks have been modified, and the banks may now pay out gold, either in the form of coin or certificates, as freely as heretofore. Such gold as was in actual circulation before the restrictive regulations were promulgated was chiefly in the form of certificates.

The use of gold in the general circulation is open to some objections, the principal one being that it represents an expensive form of currency. A gold certificate for \$100 represents the setting aside of that much gold in the Treasury for the redemption of the certificate. In the case of a Federal Reserve note, only forty per cent. in gold is thus employed.

True enough, something may be said on the other side. The kind of money people carry in their pockets is usually the kind that finds its way into and out of the banks; and if the people should become accustomed to carrying gold certificates it would constitute a valuable reserve to be drawn into the banks and the Treasury when specially needed. The reserves of gold thus obtained from the people and the banks were found highly serviceable during the war era.

Under present conditions, if gold certificates are to be freely issued, a better use for them than their employment in hand-to-hand circulation would be to put them in the banks as legal reserves. The Federal Reserve Act forbids the national banks to hold any of their legal reserves in their own vaults. As this measure appears to have been devised under the stress of war conditions, for the purpose of forcing gold out of banks and into the Treasury, it should be modified so as to permit member banks to hold at least part of their reserves in their own vaults. The state banks have usually given little consideration to the kind of reserves they held, so long as the requirements of state laws were complied with, and their own need for cash was duly provided against.

It may be contended with considerable justice that gold is too expensive a form of currency to carry in one's pocket; but it may well be questioned whether anything less valuable than gold should be permitted to count as bank reserves.



Keeping Out of European Politics

WHEN declining the invitation which the Italian Government extended to the United States to take part in the Genoa conference, Secretary Hughes said:

"It has been found impossible to escape the conclusion that the proposed conference is not primarily an economic conference, as questions appear to have been excluded from consideration without the satisfactory determination of which the chief causes of economic disturbance must continue to operate, but is rather a conference of political character in which the Government of the United States could not helpfully participate.

"This Government cannot be unmindful of the clear conviction of the American people, while desirous, as has been abundantly demonstrated, suitably to assist in the recovery of the economic life of Europe, that they should not unnecessarily become involved in European political questions."

Adherence to the traditional policy of the United States with regard to abstention from participation in European politics would be easier were not politics and economics so badly mixed in that quarter of the world.

For example, we may feel that France, for economic reasons, should reduce its army; but France considers that not alone an economic matter, but a political one. Similar illustrations might be given with respect to a number of other countries. In many instances it is impossible to draw the sharp distinction between polit-

ical and economic questions which the note of Secretary Hughes appears to assume. There is also a marked difference of opinion in Europe as to the relative importance of the two classes of problems. Some well-informed observers hold that a settlement of sharply-defined political issues must precede economic restoration. They point especially to the relations between France and Germany and Poland and Russia. The difficulties between Greek and Allied policy respecting Turkey are also instanced as a disturbing element in the political situation, which must be cleared up before general economic prosperity can be expected.

Properly enough, Secretary Hughes considers these problems such as the European nations themselves ought to settle. It is quite possible, however, that the hatred and suspicion existing between some of these countries may render it exceedingly difficult for them to compose their political differences. The help of the United States, being of an impartial character and free from these disturbing elements, might prove exceedingly valuable. It should not be forgotten that quite serious issues arising from time to time since the war ended have been peacefully disposed of, and this may afford ground for hoping that others will have a like history.



Evolution of Our Foreign Banking

THE fact that some of the special types of banks formed to conduct a foreign business have withdrawn from the field after a brief and not very satisfactory experience, and that other ambitious projects for engaging in this sphere of banking operations have not materialized, need not be taken too seriously. These experiences have been unfortunate, and not encouraging for the future of this sort of banking effort, it is true; but it must be remembered that our recent essays in this direction were made under very unusual circumstances. Alluring prospects of large and profitable transactions caused some of our banks to relax their traditional attitude of caution. They ventured into a banking field where their experience was slight, and at a time when extraordinary risks were involved, with the almost inevitable consequences. But they are less to be criticised for their somewhat liberal policy of extending credits than are those who failed to live up to the obligations incurred to the American banks doing a foreign business. If our banks had not acted as they did in this emergency, when the usual channels of foreign credit were either greatly clogged or closed altogether, they would have been severely censured for their narrowness and failure to recognize a great opportunity for enlarging the scope of Amer-

ican financial and commercial relations. For the future of these relations it could well be wished that the experience of our banks might have been different. Still, we need not lose hope that ultimately American banking will play a growing part in such operations, and that we shall gradually evolve the type of banking machinery best suited to them. Whether this shall be through some union of banks for foreign trade, the organization of special types of banking and investment corporations, or through branches of existing banks, time must determine. It may be well to remember that some large American banks are well represented by foreign branches, and that some of the specially created overseas banks are still operating. Their results may be profitably studied for our future guidance. As more normal conditions return, an increase of our foreign banking activities may be expected.



An All-American Tariff

FROM Washington comes the rather vague announcement that prior to the adjournment of the present session of Congress an all-American tariff bill will be passed. Just what kind of a tariff would now fit this definition is not stated.

There are—or at least there were—two theories respecting tariff legislation, and upon the real or supposed differences between these theories the two leading parties have fought their political campaigns when some issue of greater moment did not take the place of this time-worn controversy. One party held out strongly for the protection of American labor and industry, while the other stood for a tariff for revenue only. Actually there never has been the sharp division between the two parties which these opposing views would seem to indicate, for a tariff apparently imposed for revenue only was bound to secure at least some degree of incidental protection. But protection was the declared object of one party and revenue of the other. Manifestly, the protective policy also produced revenue.

In recent years it has been hard to keep alive ancient tariff differences between the two parties. Growth of manufacturing in the South has to a considerable extent changed opinion in that part of the country so that many regard protection as a beneficial policy. Possibly some parts of the East, particularly in the large cities, have experienced a change in the other direction, veering toward a more liberal policy in regard to imports.

These slight differences between parties and sections of the country are of little real concern. The question that should interest all of us is to find out just what should be the true American policy

in regard to the tariff, especially under the changed conditions which the war has brought about. Hardly any hide-bound protectionist will insist that we ought to exclude imports altogether. At least they would be willing to admit those articles we can not ourselves produce in sufficient volume to meet domestic requirements. If they are consistent in their desire to protect American industry and to keep our labor employed, they will be willing also that such raw materials may come in as our factories may need and which we do not produce.

When we get outside these comparatively limited classes of commodities, the protectionist rather favors putting up the bars against foreign goods, especially manufactured articles.

The chief grounds for imposing a protective tariff are such as relate to differences in standards of living, cost of raw materials and labor. Transportation charges also enter into the matter to some extent. Putting a tariff on foreign goods is also regarded as an easy way of raising revenue, by making the foreigner pay the tax. The opponents of protection do not, of course, allow this latter claim to go unchallenged.

Doubtless one element entering into this question at the present time is the fear of German competition. This fear has led England to depart from her usual policy of free trade by passing the "safeguarding of industries" bill—a thinly-disguised form of protection. While there are those who claim that Germany is not in shape at present to export largely, the growing volume of German goods on American shelves does not sustain this claim. This fear of German competition sometimes takes a grotesque shape. Some months ago an eastern Senator grew very excited over what he regarded as the imminent danger of this country being flooded with \$10 German overcoats. Fortunately, the approach of warm weather will relieve us of this threatened invasion, and very likely by the time cold weather comes again, a high tariff law will have been enacted, and we can all rest quite comfortably in the thought that we can buy our overcoats next winter as heretofore at prices ranging from \$50 to \$100.

The thought of protecting the consumer of American clothing against extortionate prices does not appear to be taken into consideration in legislating on the tariff.

But nothing is further from the purpose of **THE BANKERS MAGAZINE** than to enter into a discussion of the relative merits of protection and free trade.

It is of very great importance for the people of this country to make a thorough reëxamination of the tariff question in the light of our changed relation to other countries. We have become rather heavy investors in foreign securities, and this account is rapidly growing. The interest due us from this source already runs above

\$500,000,000 annually, and is increasing month by month. Are we prepared to receive goods from other countries as part payment of this income? Will such payment enrich or impoverish us? Then we want to enlarge our exports. Can we reasonably hope to do this unless we take imports for at least a part of what we sell to other countries?

Then we are trying to build up a merchant marine. Can we make this enterprise self-sustaining unless our ships are permitted to bring home cargoes as well as to carry them to other lands?

It is repeated that the United States is already a large investor in foreign securities, and that such investment entails receiving payment in the goods of other countries. Are we prepared to face the change which this situation must compel, or shall we either discourage or stop altogether the making of foreign loans?

An all-American tariff is something not to be fashioned entirely according to old models under new conditions.



Sharp Attack on the Federal Reserve System

TO the political attacks recently made on the Federal Reserve System in Congress, another from an economic standpoint appears in a book recently written by Hon. Charles N. Fowler, former chairman of the Banking and Currency Committee of the House. The main contention of Mr. Fowler—and it is believed an entirely just one—is against the use of Federal Reserve notes as bank reserves. They are at present so used by practically all state banks. His characterization of the unwisdom of such a policy does not lack in vigor. He says:

“Certainly no one is so insane as to argue that any form of credit should be used as a reserve, or as a basis of another credit.”

The author thus lays down the true economic rule of banking reserves:

“All bank reserves should consist of gold and gold alone, and adequate gold reserves should be held by the commercial banks of the country to guarantee the current daily redemption of all bank credit in gold.”

His indictment of the hybrid character of the Federal Reserve notes is thus strongly put:

“Let it be remembered as an eternal economic truth that every act, every paragraph, every sentence, every word, every syllable, that is used to change or convert a true bank credit instrument into

paper coin, or make it perform the function of coin, correspondingly and identically to the same degree destroys its virtue and usefulness as a credit instrument and makes it to the same degree and directly, in the same proportion, the deadly and destructive enemy of the very coin whose nature it is made by statute to approximate or assume."

It is true that by conferring this double function—that of a credit note and a Government obligation—upon the Federal Reserve notes their circulation as a true credit currency has been interfered with by making the notes available as reserves and thus destroying, or at least greatly diminishing, the motive for their redemption; on the other hand, their partial credit character (sixty per cent. uncovered by coin) renders them economically unfit for bank reserves. The fact that at present these notes are so largely covered by gold does not lessen the truth of the principle involved.

Mr. Fowler makes an earnest plea in behalf of substituting bank credit currency for the Federal Reserve notes, pointing out that "Bank credit currency is no more burdensome upon the gold fund than a corresponding amount of deposits would be. Indeed, it is identical with bank deposits, being distinguished from bank deposits only by being made current credit as distinguished from order credit."

The author pays this well-deserved tribute to the Suffolk Banking System:

"I hereby assert that the Suffolk Banking System was the most perfect banking system that has ever existed in the world, and that it demonstrated more economic truths that are of practical value to us today, if we will only take advantage of them, than any banking system that has ever existed."

Mr. Fowler, as indicated already, favors replacing the Federal Reserve notes with bank credit currency, and would substitute the United Reserve Bank for the present twelve Federal Reserve banks. He would establish fifty "commercial zones" to take the place of the Federal Reserve districts, and would aim to put all banks under clearing-house supervision. The mechanism for managing the proposed system would consist of the "bankers' council," made up of one banker and one business man from each district in a commercial zone, and a "board of control," to which each district would elect one banker. As to the efficacy of this mechanism, it is declared:

"To say that such a body of men would literally prevent a bank failure is not going too far, as they could always prevent any bank from getting into a position where it would be necessary to fail. These men could and would control the banks of the commercial zone just as completely as if they were branches of a large bank, and

yet the banks would be independently managed, so long as they were safely and wisely managed."

In addition to the machinery mentioned above, a "court of finance" is proposed, consisting of seventeen members, to be appointed by the President of the United States. Members might serve until seventy-two years of age, but by a vote of not less than ten members the service of any member might be extended beyond that age.

The appointment of the Federal Reserve Board by the President renders this system open to attack because it brings into banking operations the possibility of political interference. Mr. Fowler's proposal differs only in increasing the number of the Government regulators of banking and making their tenure longer.

There are stringent laws in force for the regulation of banking, and an elaborate bureau in operation to compel obedience to these laws. What would be gained by adding the supervision of seventeen elderly gentlemen is not easy to see.

If we are to have new banking mechanism, it would be better to do away altogether with a Federal regulatory board, since experience already proves that so long as the banks are thus controlled, attempts will be made to put them under political pressure. Let the Government keep its hands off banking, except to see that the laws are observed; and this duty is being fulfilled by the Comptroller's Bureau.

The principles which Mr. Fowler advocates in regard to bank notes and bank reserves are as true and wise as anything ever written on these subjects. He is equally correct in insisting that all banks should be brought into an organization like the clearing-house, since this would make for universally sound and efficient banking through imposing a system of supervision imposed by bankers themselves.



The Coal Strike

THAT more than a half million of men employed in the coal mines should stop work brings strikingly to mind that we have not yet found a way of settling industrial controversies without entering upon a form of warfare destructive of the interests of all concerned. Coal is so vital to personal comfort and to the operation of practically all our industries, in one way or another, that a diminution of the supply for any protracted period constitutes a great public calamity.

In this controversy, as in all others between "capital" and

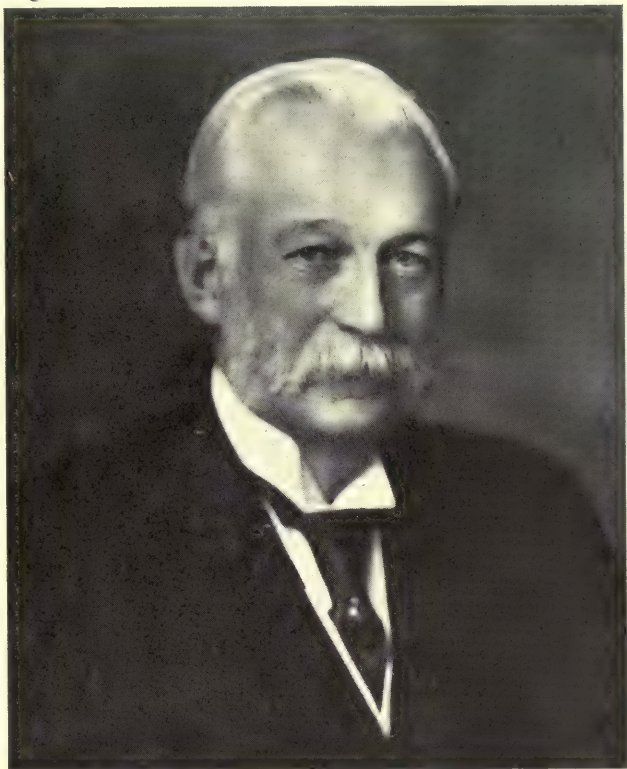
"labor," there is a principle of justice involved whose determination should be possible by impartial and thorough study and effective enforcement without subjecting the entire community to any such hardship as a prolonged coal strike will entail. The operators of the mines, the miners themselves, the "public" and the Government, all have failed to find a way of stopping these extravagant, ruinous, and wicked means of settling industrial disputes. But there is a way—"a sure and safe one"—though we may thus far have missed it. If injustice practiced by the operators of the mines is responsible for this strike, or if unreasonable demands by the miners caused it, in either case the people should not be made to suffer for the injustice of the one party to the controversy or the unreasonableness of the other.

We are all hoping for a gradual return to business prosperity that will decrease unemployment and bring better times to all. Should the coal strike last long it will seriously hinder the restorative process. It will hurt everybody, including the strikers themselves.

Consumers in recent years have found themselves compelled to pay enormously increased prices for coal; and yet, either through general disorganization in the industry, or because of exorbitant profits, or excessive wage demands, the operation of the mines has been stopped. There is something here decidedly wrong, and it should be found out. When found, the remedy can be none too quickly applied.



From the beginning this Government has done but two things for business. Neither the Government of the United States nor the Government of any other country in the history of the civilized world has or ever can do more than two things for business. One is to subsidize and the other is to supervise it. That is all. It is all any Government ever will do. The first is always pernicious and the last is usually unnecessary, and generally unwholesome. The trouble is not that we have not regulated business enough, but that we have regulated it too much. The trouble is that somebody has not smashed half of the commissions which have been attempting to regulate business; the trouble is that we do not go back to the plain old rule that every man is entitled to manage his own business just as he pleases so long as he does not violate the simple principles of law and decency, and so long as he does not invade the tangible rights of his neighbor.—*Senator Stanley of Kentucky.*



JAMES B. FORGAN

Chairman of the Board, First National Bank of Chicago

MR. FORGAN was born in Scotland in 1852. He was graduated from Madras College and Forres Academy, Scotland. His first position was with the Royal Bank of Scotland, where he remained about three years. From there he went to the Bank of British North America, with assignments to Montreal, New York and Halifax. He became paying teller and afterward inspector of agencies with the Bank of Nova Scotia, establishing an agency in Minneapolis of which he was manager for three years. About 1888 he became cashier and manager of the Northwestern National Bank, Minneapolis. He was elected vice-president of the First National Bank of Chicago in 1892, and succeeded Lyman Gage as president in 1900. Since January, 1917, he has been chairman of the board.

Focusing Facts for the Bank Executive

By W. Herman Greul

WHAT executive has not felt the strain of making an important decision when the facts were only dimly perceived and when there was no time for conference or for the study of reports?

The head of a large financial institution after spending a few months in study of the new organization over which he had recently been appointed, called in the representative of the employment service and demanded that he find him a man who would be an "eye of the business" to bring into focus for him the myriad facts affecting the enterprise.

Extensive accounting and statistical divisions were already available but their use lacked the speed that he rightly associated with the functioning of the human eye.

That executive had a clear conception of the value of the time element in the performance of his work and of the difficulty of picturing, in their proper relations, the workings of the various divisions of his intricate organization. He recognized that the eye is the quickest and most accurate medium for conveying to the brain the impressions of size and movement in their proper relation.

A little reflection will make it apparent that the decisions of the executive are based on the *relative* size and the *relative* movement of the various factors of business. If it is price that he considers, it is a price as related to another price or to some standard, that concerns him—relative size. If he finds that his costs are rising he is not worried so long as profits are going in the same direction and at least as fast—relative movement. If credit is asked it is the relative size of the different elements of the balance sheet that are considered rather than their absolute values.

It is a fundamental fact that less

mental effort is expended and much time is saved for the executive when the facts that he needs are presented to him in such a way that he may utilize the speed, accuracy and measuring ability of the eye to apprehend them. The growing popularity of charts as means of conveying relative values is evidence of this.

The advertising man, in the design of his illustration, has shown a recognition of the psychological reaction to different lines but too frequently his tendency is to over-emphasize certain features rather than to present the facts in their true relations.

Despite the erroneous use of charts by the uninformed and the propagandist, progressive executives are beginning to realize the potential value of the "picture language" as a practical, every day tool for rapidly conveying the complex interrelations of numerous business factors.

The banker is always interested in the relation of his own institution to those of his competitors, but he seldom has the time to study the tables of figures necessary to gain a clear conception of the trends and tendencies even of his own organization. Table 1, based upon the New York Clearing House statements, gives the weekly value of net demand deposits of Bank "A" and of Bank "B" during 1921. The size of the figures, the number of them and the difference in the range of the two series, make it difficult to gain any clear idea of the movement of this factor in one bank as compared with the other. The mind can retain for comparison only two of the figures at one time and even a dim view of the trend can only be obtained by a whole series of such comparisons. Close concentration and mental effort are required. Try it. The busy executive has little time for this sort of exercise as a regular activity.

Table 1.

NET DEMAND DEPOSITS

WEEK ENDING		BANK A	BANK B
January	8.....	270,212	465,265
	15.....	259,446	459,305
	22.....	258,328	437,860
February	29.....	247,277	435,777
	5.....	252,765	449,220
	12.....	245,789	465,237
	19.....	242,333	468,848
March	26.....	242,364	476,972
	5.....	240,509	480,415
	12.....	239,544	488,436
	19.....	240,661	474,954
April	26.....	248,457	460,918
	2.....	254,574	459,229
	9.....	252,182	444,016
	16.....	240,932	436,530
	23.....	240,703	430,260
May	30.....	237,873	426,858
	7.....	250,392	429,398
	14.....	232,851	427,819
	21.....	232,683	426,528
June	28.....	235,748	435,334
	4.....	247,219	429,659
	11.....	240,818	430,206
	18.....	243,638	421,596
July	25.....	228,073	409,264
	2.....	228,701	408,632
	9.....	230,163	406,351
	16.....	224,445	397,550
	23.....	222,686	411,995
August	30.....	229,356	410,307
	6.....	232,317	394,587
	13.....	214,986	390,165
	20.....	223,199	386,274
September	27.....	234,542	388,421
	3.....	236,503	406,107
	10.....	234,214	394,166
	17.....	248,630	296,563
October	24.....	237,941	382,697
	1.....	235,775	383,502
	8.....	239,760	373,787
	15.....	228,725	370,480
November	22.....	251,992	372,007
	29.....	257,313	372,291
	5.....	260,846	377,760
	12.....	262,553	365,330
December	19.....	253,857	367,032
	25.....	264,341	358,727
	3.....	259,185	375,617
	10.....	259,297	370,589
	17.....	268,008	374,373
	24.....	260,979	381,268
	31.....		

Figure I is a chart based on these figures and is constructed on the principle of comparability. Note the ease with which the general downward drift of Bank B data can be grasped. Note also the more rapid up and down movement from week to week in the case of Bank A. The horizontal line marked

"N" represents the average of the preceding six months for each bank. Note the movement of the two deposit lines with reference to this average.

Table 2, taken from the same source, gives the deposits in the foreign branches of Bank "C" and Bank "D." Here the variations of five to ten thou-

Table 2.

DEPOSITS—FOREIGN BRANCHES

WEEK ENDING		BANK C	BANK D
January	8.....	6,802	106,951
	15.....	7,562	109,648
	22.....	9,160	112,994
February	29.....	10,739	117,223
	5.....	10,898	115,749
	12.....	10,864	116,681
	19.....	11,735	117,851
March	26.....	10,579	117,781
	5.....	8,581	120,542
	12.....	10,486	122,296
	19.....	10,950	117,273
April	26.....	10,680	117,614
	2.....	11,347	116,784
	9.....	10,460	114,059
	16.....	9,385	112,194
May	23.....	10,230	111,672
	30.....	10,808	109,966
	7.....	10,923	112,682
	14.....	10,702	114,222
June	21.....	11,763	117,517
	28.....	12,016	120,250
	4.....	11,819	120,715
	11.....	9,076	121,208
July	18.....	9,980	115,737
	25.....	9,054	115,474
	2.....	10,073	111,666
	9.....	9,167	112,800
August	16.....	9,058	111,731
	23.....	8,733	110,906
	30.....	9,021	100,891
	6.....	8,920	99,894
September	13.....	9,270	102,347
	20.....	9,449	104,229
	27.....	9,756	99,097
	3.....	11,152	99,558
October	10.....	9,560	95,816
	17.....	10,660	94,987
	24.....	11,254	93,249
	1.....	11,203	91,466
November	8.....	8,377	82,582
	15.....	10,059	89,278
	22.....	11,755	88,303
	29.....	11,786	87,030
December	5.....	11,675	86,086
	12.....	6,752	85,985
	19.....	8,390	81,243
	25.....	10,386	80,391
	3.....	13,079	78,466
	10.....	15,400	84,448
	17.....	14,902	91,724
	24.....	11,604	91,698
	31.....	11,580	90,418

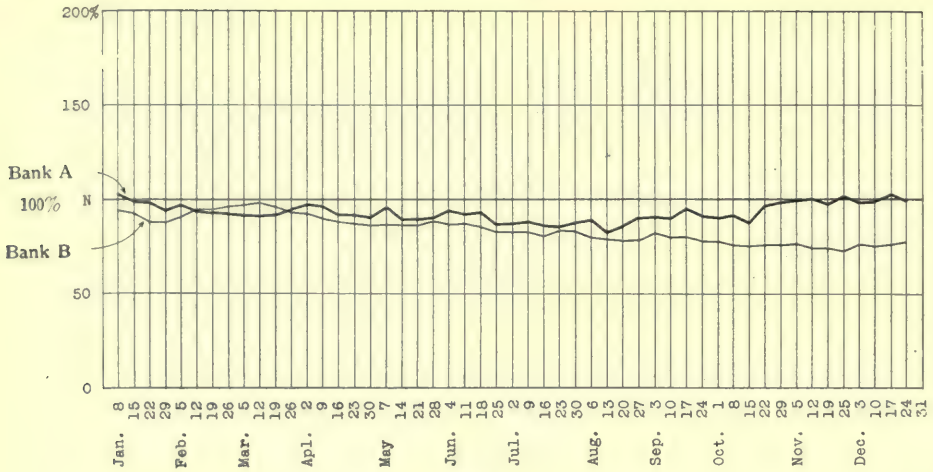


Figure I

sands of dollars from week to week in the case of D gives the impression of wide relative fluctuation as compared with the one or two thousand dollar variations of C. Calculation will of course remove this impression but the trends for the two institutions as well as the periodic movements are more quickly grasped and more vividly impressed on the mind by an examination of figure II, showing this information in chart form.

An additional graphic feature is here illustrated by the insertion of the dotted "floating average" of Bank C figures which shows their general trend for

direct comparison with the periodic line of Bank D.

Comparing these two lines, note the similarity of the movement for the two banks during the first six months and the upward trend in the case of C during the last half of the year while the D line drops off.

Comparisons of this nature have a definite significance in the determination of policies.

The wide margins of profit in banking operations in the past have rendered close scrutiny of costs unnecessary but increasing competition is leading the more progressive houses to study their

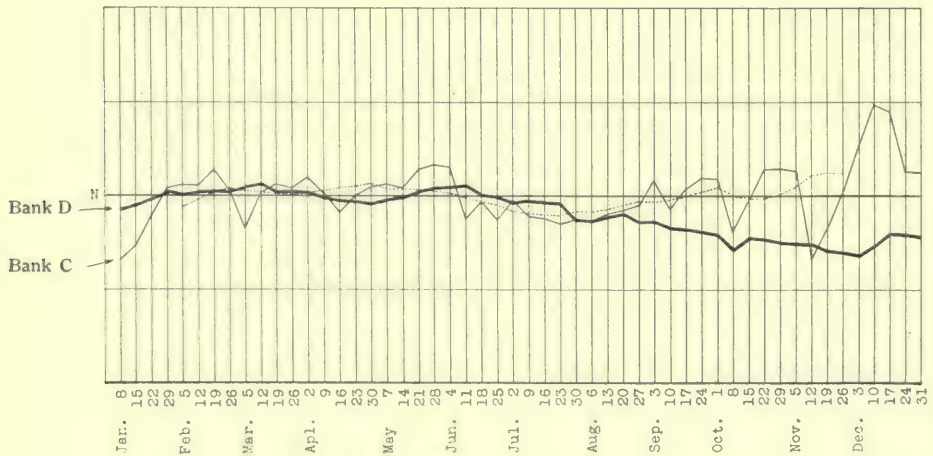


Figure II

own operating expenses more frequently.

The comparison of the expenses and earnings of a given department of the bank is often difficult to make, particularly when earnings are credited in widely varying amounts during successive periods. An example of this is shown in table 3, which gives the earnings and expenses of the trust department of a metropolitan bank during eleven months of 1921.

Table 3.

MONTH	EARNINGS	EXPENSES
January	\$15,139	\$13,547
February	20,723	13,254
March	29,805	13,869
April	80,890	13,079
May	17,809	12,300
June	26,935	12,826
July	21,924	12,307
August	12,708	11,906
September	19,096	11,468
October	18,671	10,902
November	23,499	10,856
December .....	.....	.....

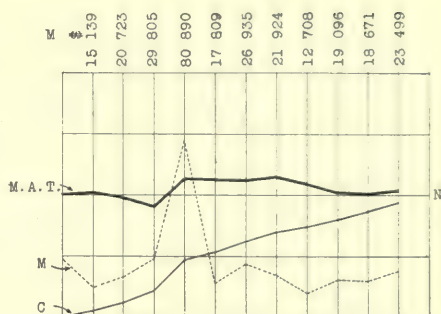
For obvious reasons the actual figures have been disguised but without changing the *relative* values. This department received at irregular intervals, fairly large sums which are credited to the month when received, but which involve expenses extending far into the future and therefore the general trends of earnings and expenses have more significance than the monthly fluctuations.

These trends as well as the monthly fluctuations are pictured in the charts shown in figure III, technically known as "Z" charts from the general form taken by their three lines. This new type of chart has been quite extensively applied by industrial organizations to the visualization of many kinds of data, as substitutes for the periodic reports of operations previously presented in the form of tables.

The charts of figure III give a three-fold presentation of earnings and expenses as shown in table 3. They each show three lines which indicate respectively:

1. The monthly or periodic value. (Marked M.)

Earnings



Expenses

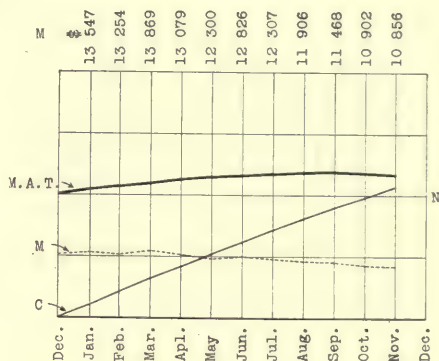


Figure III

2. The accumulated value of the factor since the start of the fiscal year. (C.)

3. The total value of the factor for the preceding twelve months. (Marked M. A. T. for moving annual total.)

They have a number of valuable features permitting accurate cross comparisons, but it will suffice here to refer only to the two trend lines marked M. A. T.

Note that the trend line for earnings at the end of November is only slightly above the horizontal normal line "N" with which it coincided at the beginning of the year, while the trend for expense has been steadily upward from the beginning of the year and in November reaches a height fully ten per cent. above its position at the start. It will be seen, however, that expenses are pointing slightly downward, while earnings tend to show higher values.

These charts are also based on the

Proportional Distribution of Loans

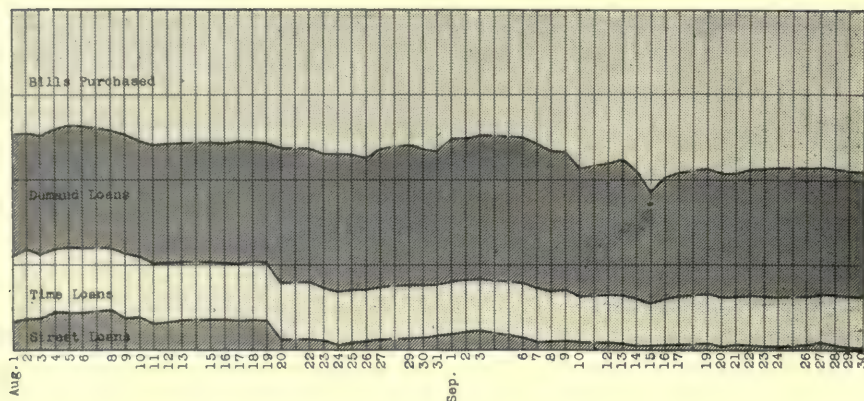


Figure IV

comparable principle and in practice are drawn on separate sheets so that one may be superimposed on the other and direct comparisons of the relative movements instantly obtained by holding to the light. When so used the executive can see *at a glance* that expenses are increasing more rapidly than earnings in this department, a fact difficult to gather from the figures alone.

The bank official, and occasionally the director who directs, wants to know how the loans of the bank are distributed between bills purchased, demand loans, street loans and time loans. He may get this quickly for any particular day by calling for the figures but if he wishes to know how they have been running for the past month, the problem of gaining a clear picture from the figures alone will not be so simple.

The chart shown in figure IV, technically known as a "river" chart, is a graphic means of presenting in condensed form the relative proportions of these four classes of loans, plotted daily, for a metropolitan bank over a period of two months. Here the total height of the diagram always represents the total of the loans and the widths of the strips or "rivers" indicate the daily proportional part of the total for each class of loans.

It is significant that two officials of this bank who constantly see the figures on which this chart is based, were

greatly surprised, to learn from the chart how small a proportion of the total was in the form of time loans. Note the practical elimination of street loans, the reduction of time loans and the increase in the proportion of bills purchased between the beginning and the end of the two-month period.

The activity of one department of a bank that handles export and import business is pictured by the charts of figure V, showing respectively the deposits and loans of this division during 1920 and nine months of 1921. When superimposed as in actual use, these carry their message of relative changes more vividly than it is practical to illustrate in a printed discussion but the falling off of deposits from the beginning and the more rapid drop in loans may be clearly seen, particularly when it is remembered that the horizontal line "N" represents the normal value for each factor.

Present industrial conditions, with practically all the commercial banks carrying "weak sisters," are giving emphasis to the importance of the credit departments. Unfortunately too few of them in the past have realized to what extent properly drawn charts may illuminate the balance-sheet reports of their customers. Some might well have afforded large sums for the revelations as to management tendencies that are conveyed by a few simple charts.

An indication of the possibility of

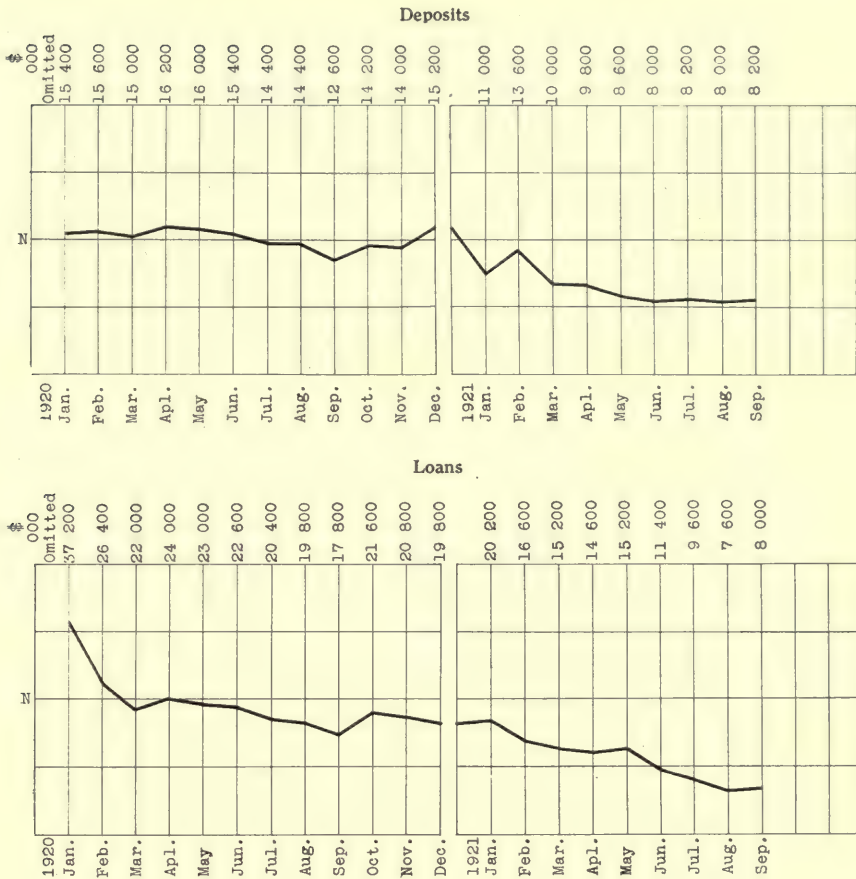


Figure V

visualizing facts of this nature may be had by reference to the charts of figure VI, which are based on data from Poor's Manual of Industrials and are therefore available for public discussion.

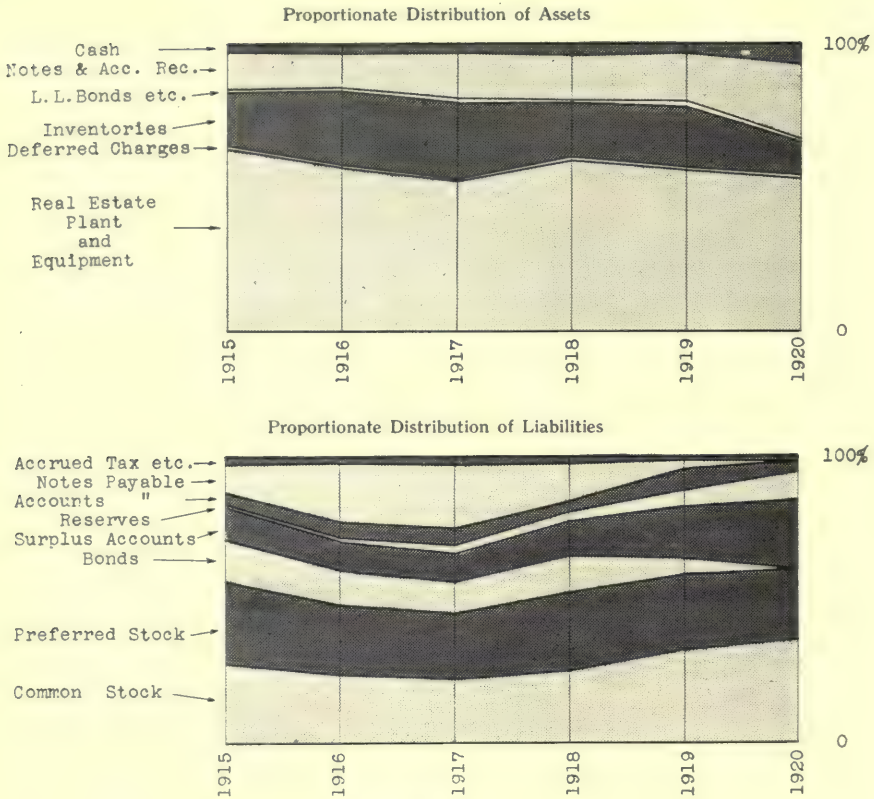
The two river charts show respectively the proportionate distribution of assets and liabilities of the Otis Elevator Company, a manufacturing and contracting company, on December 31, for the years 1915 to 1920 inclusive, while the three single line charts show, for the same period, the relative changes in total assets, inventories and net earnings respectively.

Referring to the two river charts, note that these divide into two very distinct periods. The first, covering the three years, 1915, 1916 and 1917,

indicates financial retrogression by the widening inventory "river" and the even more radical expansion of notes payable with contraction of surplus and some proportional increase of accounts payable.

The same charts show that in the second period, 1918, 1919 and 1920, there has been an increase in cash, a considerable increase in notes and accounts receivable and a very marked reduction of inventories, accompanied as shown on the chart of liabilities, by a retirement of bonds, increase of reserves and surplus, and a wiping out of notes payable.

Reference to the three line charts shows that the total assets have remained fairly constant over the entire period, but that inventories were in-



creasing up to the end of 1917, when a reversal of policy was apparently instituted and a drastic cut in this item for 1918 is recorded, followed by a slight increase the next year and a further drastic cut by the end of 1920. This handling of the inventories is reflected in the slight drop of total assets in 1918, the checking of the increase in net earnings in the same year, followed in the last two years by a resumption of the upward trend of total assets and marked increases in net earnings.

Returning to the first two charts of this group, note that by the end of 1917 the quick liabilities were practically equal to quick assets, while by the end of 1920 these were well within the two-for-one ratio.

Information in this form cannot entirely displace the data usually contained in the credit file but it does serve as a valuable addition to the

"front sheet." It is readily kept up to date as new information is received and affords a rapid bird's-eye view of operations.

The correct interpretation of charts such as here illustrated rests on the familiarity with a few simple principles which, when once acquired, gives an extremely rapid means of apprehending the intricate inter-relations of business facts. Many other instances of their application to information for the bank executive might be given, such as total expenses and revenues for comparison with similar items by departments, the number of employees, total and by departments, salaries, sources of income, numbers of depositors in different groups, etc., but those shown above will serve to indicate the condensed form in which complex relations may be presented.

With the increasing demands on the

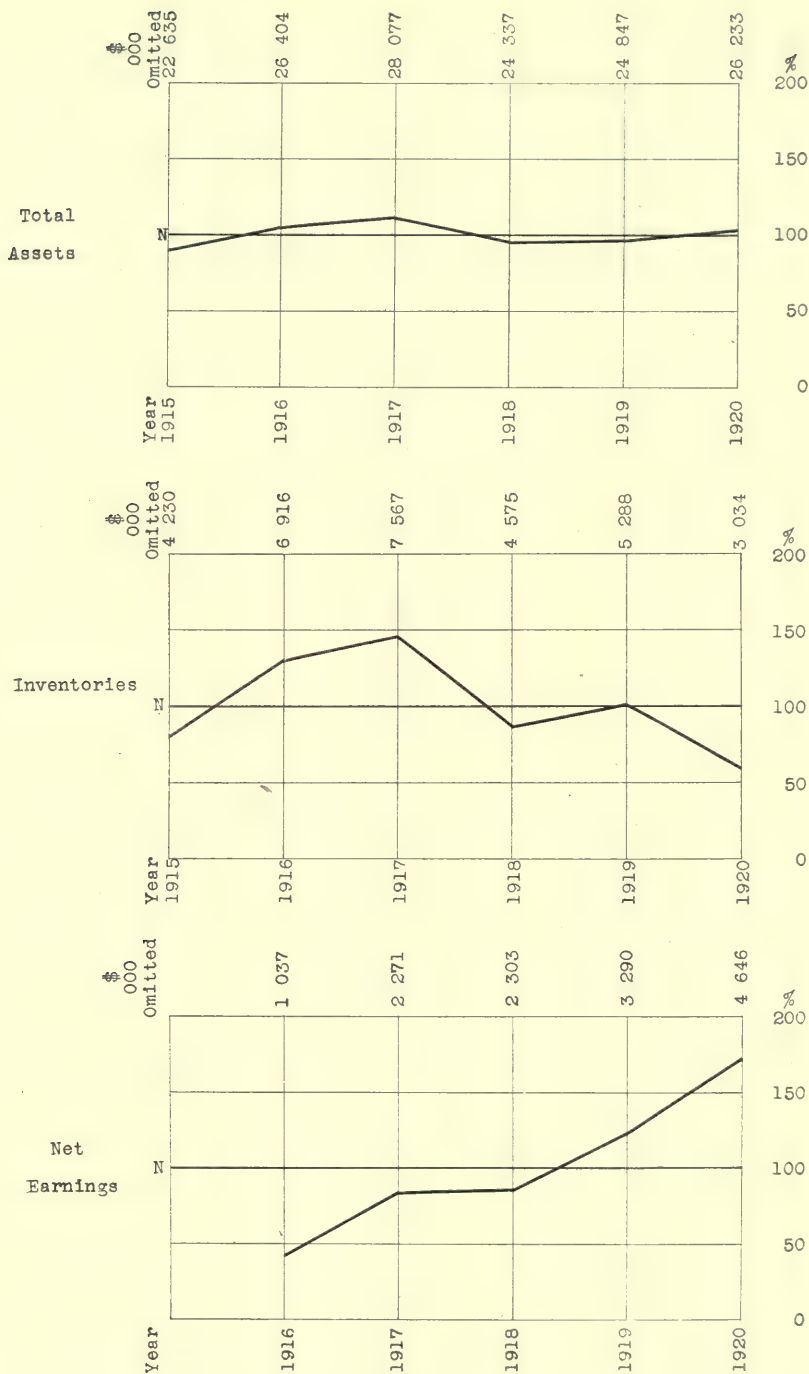


Figure VI b

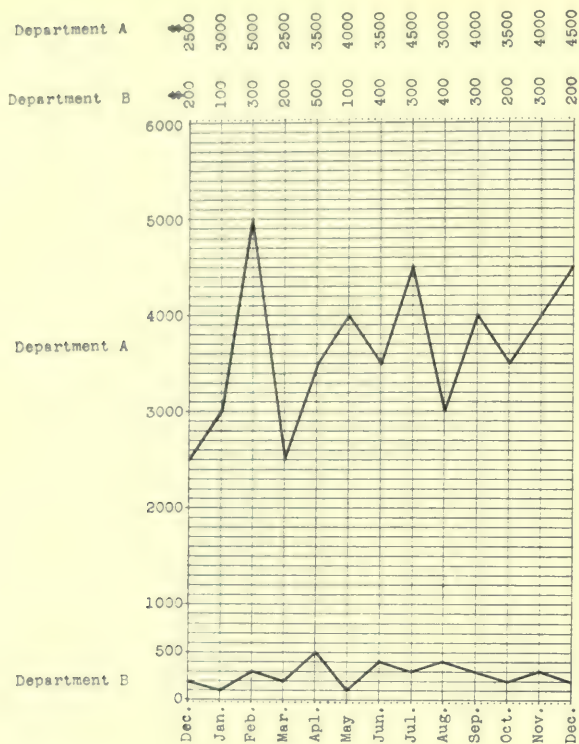


Figure VII

time of the executive it would seem surprising that he has not more generally appreciated the possibility of using his eyes as time savers, were it not for the fact that the "universal language" of charts can be and is misused. Most bank officials have seen the older form of chart drawn to illustrate or embellish facts that are shown concurrently in some other way. The recent developments whereby the chart is used as a tool for actually conveying desired information, is less generally appreciated.

An important element in making this tool effective as a time saving device is the fact that a whole series of charts in a given institution are tied together and made directly comparable one with another. This makes it unnecessary for the executive to "adjust his mind" as he goes from picture to picture. When so coordinated or brought into a common focus, most of the information that the executive needs is conveyed by a glance at the lines of the diagrams with

only an occasional reference to the tabular data that accompany them.

To illustrate this refer again to the three line diagrams of figure VIb. One does not need to look at a single numerical value to see the difference in the rates of increase and decrease from period to period, to note that inventories increased rapidly from 1915 to 1916 and less rapidly the following year, that the rate of decrease of this factor was greater in 1917 than in 1920. The difference in the slope of the curve gives this information automatically when the charts are properly drawn.

As an illustration of the more common use of this "language," consider figure VII, which was intended to show a comparison of the trends of certain operating costs of two departments of a bank, department "A" being much larger than department "B" and having heavier expenses. The impression created by the curve is one of radical and violent changes in the former as

compared with those in department "B."

As a matter of fact this impression is erroneous. Close analysis of the figures on which the chart is based will show that the relative fluctuations in department "B" are the greater and the true relations are more accurately conveyed by figure VIII.

Fully ninety per cent. of the charts found in the current newspapers, magazines, trade publications, government bulletins and many banking and industrial organizations are typified by the misleading chart shown in figure VII and it is not surprising therefore that the busy executive has not taken the time to find out the reason for the feeling of distrust that he often holds for charts as a means of conveying information.

On the other hand a number of industrial organizations, including a large steel works, a prominent motion-picture concern, manufacturers of paper, silk, cork, candy, rubber and other commodities are using thousands of co-ordinated charts *as operating reports* and are extending their application to every branch of their businesses.

With speed as important as it is to the banker, it is only a question of time when he too will utilize this modern tool of the executive and the prediction is ventured that when he has once had experience with its application to his own problems he will demand of prospective borrowers that they show the activities of their business to him in graphic form. Knowing from personal experience the quick grasp of operations that can be obtained by these methods, the credit department will favor the applicant who is thus in-

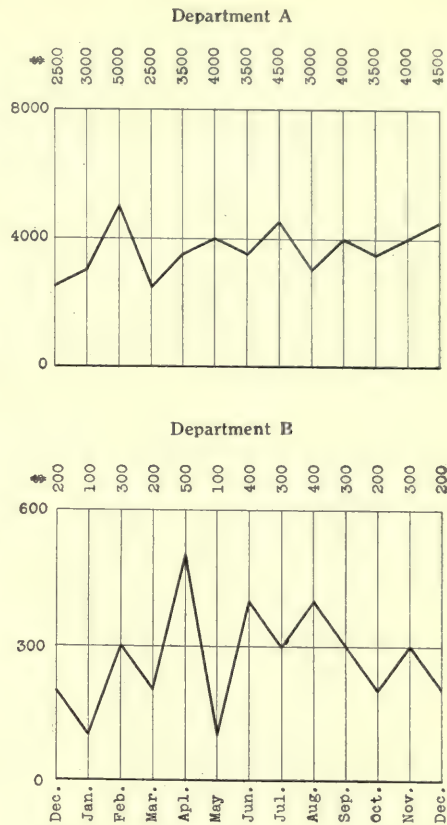


Figure VIII

formed in preference to the one who relies on older and slower methods.

The key to the construction and effective use of correct business charts lies in the fact that the data are all brought into a common focus so that the ability of the eye to measure lengths, angularity and parallelism can be utilized to convey values and relations accurately.





JOHN W. STALEY

President Peoples State Bank, Detroit.

JOHN W. STALEY decided very early in life that he would be a banker, and before he had finished college he had applied for a position with the First National Bank of Detroit, entering the service of that institution in 1892. His devotion to his work, combined with his natural ability, won for him successive promotions, until in 1912 he was elected a vice president. He filled this position until January, 1917, when he was called to the Peoples State Bank in a similar capacity, from which position he was elected to the presidency in January, 1919.

During 1917-18 Mr. Staley was president of the Association of Reserve City Bankers, and served as president of the Michigan Bankers Association in 1920-21. At present he is a member of the Executive Council of the American Bankers Association, a director of the American Foreign Banking Corporation of New York, a director of the Chamber of Commerce of the United States, besides being interested in the direction of several local activities.

How the Reserve Banks Clear by Wire

What the Gold Settlement Fund and Telegraphic Transfers Are
Doing for Greater Fluidity of the Nation's Currency

By G. Alex Hope

PRIOR to the inauguration of the Federal Reserve system, a man in St. Louis having a bill to meet in the east would ordinarily buy New York exchange, much the same as the New York merchant now buys London exchange in the course of foreign trade. This eastern exchange could always be had from his banker, to be sure, but there were often disadvantages in buying it, at times serious enough to affect not only the mid-continent firms, but, in certain seasons, the eastern ones as well. The trouble, in brief, was that domestic exchange, being governed by many of the rules of foreign exchange, registered the ebb and flow of business currents; it fluctuated, it was bought and sold, it reached its destination too slowly for the demands of business.

Furthermore, someone had to pay for a needless and very expensive operation in connection with the conduct of the system, namely the shipment of gold or currency to different parts of the country in order to settle balances. Some of this "float" could be eliminated, but the seasonal swing was there to stay. There was no way of preventing the westward movement after harvest time, nor to keep the money from gradually flowing back to the east as goods were paid for during the winter months.

In addition to contending with the hazards incident to shipment, money in transit had to be insured, and there was a distinct loss because of the unproductivity of funds while in transit.

ESTABLISHMENT AND EARLY GROWTH OF THE GOLD SETTLEMENT FUND

The Federal Reserve Board, however, very early saw the necessity for relief. Less than a year after the Banks* began business steps were

taken by the Board to "exercise the functions of a clearing house for such Federal Reserve Banks" as provided in Section 16 of the Act. This passage stipulated that each bank should make frequent clearings, through a common fund, of all debits and credits that accrued on other banks. To this end the Board directed that "each Federal Reserve Bank * * * forward to the Treasury or the nearest subtreasury * * * \$1,000,000 in gold * * * and in addition an amount at least equal to its net indebtedness * * * to all Federal Reserve Banks." The required deposits, aggregating approximately \$18,000,000 constituted a working basis and served for initial operations.

When the Treasury Department received word of the arrival of the deposits at various subtreasuries, the Treasurer of the United States issued gold certificates in the denomination of \$10,000 "payable to the order of the Federal Reserve Board." As this made it unnecessary for the gold to be shipped to Washington, the gold certificates issued by the Treasurer were lodged in a vault in the Treasury under custody of settling agents of the Board. Plans were complete when arrangements had been made to have the transfer of funds from the credit of one bank to another effected by book entries and without any actual movement of the funds. For this purpose a special department was organized and settlement clerks secured.

With everything in readiness, the Board set May 27, 1915, as the date for the first weekly settlement. At the close of business on the previous day each bank had telegraphed the Board the amounts which had accrued "due to" each of the other banks; the Board,

* The word "Bank," wherever used in this article, denotes a Federal Reserve Bank.

after making the necessary entries, wired back the amounts "due from" each of the other banks and the net debit or credit resulting from the transaction. The settlement was complete when corresponding entries were made on the books of the banks.

In order that we may see just how the plan works let us take the case of a Dallas retailer who pays his New York wholesaler by check for \$20,000. The New York merchant deposits, in his local bank, this check that has been drawn upon a Dallas bank. Formerly the check would be sent to Dallas where, on arrival, it would be charged to the account of the man who drew it, and his bank would mail the New York bank a New York check in payment. The \$20,000 would really not be available to the merchant at his New York bank until the second check arrived from Dallas, at least six and probably seven days after the wholesaler had deposited the original.

With the present transferring system, the time of transaction is cut in half, because the slower method of remitting by mail has been supplanted by the use of the Gold Settlement Fund. The member bank in New York now takes advantage of the Federal Reserve clearing and collection system and the check goes to the Dallas bank, upon which it is drawn, via the New York and Dallas Federal Reserve Banks and is charged as before. Then the Dallas member bank, upon which the check is drawn, makes payment at the Dallas Federal Reserve Bank. The same day the funds are transferred by wire through the Gold Settlement Fund to the New York Reserve Bank, which in turn settles immediately with the bank that had presented the check for collection.

With the gradual growth of the system in membership and clearings the Board has found occasion from time to time to increase the size of the fund until on December 22, 1921, it amounted to \$551,547,000. These increases were effected by the Federal Reserve Board directing the several banks to make additional deposits with the Treasurer as before, each bank keeping its portion of the fund commensurate with the

transactions it was making through it.

Although it might seem, at first sight, that the deposits of such large sums wrought a hardship on the banks, there were several factors causing just the opposite to occur. The funds standing to the credit of a bank on the books of the Gold Settlement Fund counted as a part of that bank's legal reserve, so the money could not have been in circulation anyhow. Then the growth of the banks, too, had been accompanied by a very considerable increase in resources, so it was necessary that the fund keep pace with the growth of the banks in order to perform its functions properly. Lastly, the Board found that there were several other uses to which such a fund could be put and soon took steps to develop them.

DEVELOPMENTS INAUGURATED TO INCREASE EFFECTIVENESS

Before we turn to these, however, there is another and vitally important phase to be considered, the development of which was taking place contemporaneously with the growth of the fund. It was the evolution of the plan of weekly clearings via commercial wires to that of daily clearings over private wires reaching every bank and its branches.

When the telegraphic transfer system was inaugurated in 1915 the banks possessed no wire service at all. As soon as the possibilities of the scheme developed, however, steps were taken to provide such a service and by July 1, 1918, a private wire system connecting all banks and branches was ready for operation, so on that date a plan of daily settlements was begun.

As originally operated each Federal Reserve Bank telegraphed the Board by 10 a. m., eastern time, the respective amounts credited to other Federal Reserve Banks on the previous day. Upon receipt of the telegrams by the Board, clearing was made by book entries, and within one hour each Federal Reserve Bank was advised of the amount of credits for its account from the other Federal Reserve Banks and also of the net debit or credit to its gold settlement

account on the books of the Board. This necessitated the annoying delay of waiting till about noon of each succeeding business day to close the books of the banks for the previous day's business, a feature of the service that led to some dissatisfaction because banks were doing business each morning without knowing their working reserve.

The change in time of reporting balances adopted March 1, 1920, brought the plan of operation down to its present form. The hour at which the banks telegraph the Board was fixed as immediately following the close of business or as soon thereafter as books could be totaled. On receipt of the telegrams the Board's settlement clerks made entries as before and early on the morning of the following business day wired each bank its net debit or credit and its balance, the figures reaching the banks so that books could be closed before the banks opened for business.

In the meantime a supplementary service was introduced, direct settlement by branches. The method of branch bank settlement is exactly similar to that of the parent banks, except that since branches maintain no accounts with the fund the debit or credit is adjusted through the account of the parent bank and included in the daily report to each bank. This service has already been extended to sixteen* of the twenty-three† branches and a seventeenth, the Buffalo branch of the New York Bank, transacts a part of its transfer business without relaying through the parent bank.

The Gold Settlement Fund and the private wire system have been made use of in establishing another new and valuable service to the commercial and banking interests of the country. This service, the cost of which is borne by the banks, provides for the immediate transfer of funds by telegraph at par. It is available to individuals or firms, to member banks, and is, of course, used

by the Federal Reserve Banks themselves for inter-bank transfers.

To consider the first case, that of an individual or firm transferring money to another, let us review the example of the Dallas retailer who has a bill for \$20,000 to meet in New York. Suppose his wholesaler cannot wait for a check to be transmitted through the mails—he must have his money at once. The retailer's Dallas bank would, at his request, charge his account with the amount to be transferred, at the same time directing the Dallas Federal Reserve Bank to wire \$20,000 to the New York wholesaler. The message is sent to the New York Federal Reserve Bank, who places it to the credit of the New York wholesaler in his own bank. Next the Dallas member bank is charged \$20,000 on the books of the Dallas Federal Reserve Bank and the same amount in the Gold Settlement Fund passes from the ownership of the Dallas to the New York Federal Reserve Bank and the transaction is complete.

Transfers for member banks may be of several different varieties, the technique of transferring the funds being essentially the same as in the case just outlined.* These transfers are usually to correspondent banks and may be of the following kinds: (1) member banks transferring funds to correspondents in Federal Reserve Bank or branch cities; (2) transfers to the credit of correspondents not situated in such cities, but who have accounts with a Federal Reserve Bank; (3) transfers to the credit of banks in Federal Reserve Bank or branch cities for account of correspondents not situated in any of these cities; and (4) member banks may request correspondents to deposit funds with other Federal Reserve Banks (or their branches) for transfer to the member's account with their own Federal Reserve Bank (or its branches).

As a typical example of this last case let us take the member bank in Louis-

* The branches settling direct are located at: Baltimore, Denver, Detroit, El Paso, Helena, Houston, Little Rock, Los Angeles, Louisville, Memphis, New Orleans, Omaha, Portland, Salt Lake City, Seattle and Spokane.

† Besides the twenty-three branches there is one agency located at Savannah.

* \$2500 has been made the minimum amount for a telegraphic transfer for individuals or firms, but no minimum has been fixed for transfers by a bank to or from its own account.

ville, Ky., who desires to transfer funds on deposit with a correspondent in Cincinnati, Ohio, to its credit with the Louisville branch of the Federal Reserve Bank of St. Louis. It would instruct its Cincinnati correspondent to deposit the funds with the Cincinnati branch of the Federal Reserve Bank of Cleveland, Ohio, for the credit of, and telegraph advice to, the Louisville branch of the Federal Reserve Bank of St. Louis for its account.

In the case of member banks no charges are made for any of these services, provided the member bank makes no transfer charge to its correspondent. In addition, the Federal Reserve Banks may advise members by prepaid telegram of the arrival of transfers, provided any advantage over mail advice will accrue. In the case of individuals or firms the service is likewise free, provided the member bank makes no transfer charge to its customers.

It is necessary, of course, in all these cases, that deposits of funds with Federal Reserve Banks or their branches, to be available for telegraphic transfer, must be in exchange acceptable to and immediately available with the Federal Reserve Bank or branch with which the deposit is made.*

ADVANTAGES OF THE SYSTEM

The government, the member banks and the public have all profited immensely from this system, and the public will secure even greater benefits when its worth is more fully understood and appreciated by them. While the scope of the system was still very limited and settlements were being made but once a week, it is interesting to note that its beneficial effects had been very noticeable, even as early as the seasonal movement of funds that followed closely upon its installation. The unusually heavy demand for money in western crop-raising centers in the fall of 1915 served, not only to demonstrate the benefits of the system as it then existed, but to point conclusively to its greater usefulness upon fuller growth and utilization. Although the great release of reserves under the Act provided an un-

usual "ease" of money in the entire country, this general "ease" would not of itself have solved the difficulty of crop moving, or have met the regularly recurring currency requirements of the various sections of the country. This favorable result was due, however, in large measure, to the operation of the wire clearance system, which made money immediately available wherever it was needed most.

The scheme of "par clearance" had already done much to alleviate one of the costly evils of American banking, namely the circuitous routing of checks. At least the plan eliminated a large part of the "float" that member banks had been forced to carry. Daily telegraphic settlements performed a somewhat similar service for the Federal Reserve Banks and their branches, eliminating the "float" which had previously been carried on account of payments received by correspondent Federal Reserve Banks one day in advance of payment through the Gold Settlement Fund.

But that is not its outstanding advantage, even to the banks. Aside from the mere clerical work it has saved, it has been of advantage in enabling banks to keep reserves up to the minimum at times when there have been heavy demands for money at one particular bank. A bank that is temporarily pressed for funds, by rediscounting through another bank, gets advantage of the funds thus made available in just about half the time it might otherwise. This has the effect of distributing the burden on several banks with ease and rapidity.

There can be no question as to the advisability of member banks participating as fully as possible in the advantages the Gold Settlement Fund offers, since they derive benefits somewhat analogous to those the Federal Reserve Banks themselves enjoy. Every banker concedes these self-evident advantages.

The fund also offers notable advan-

* Banks have also made time "deadlines," after which no transfer will be undertaken until the following business day. These vary according to district and whether they go to parent or branch bank.

tages to business men, par wire transfers making their capital available in any part of the country on a moment's notice—an important service which is only now being fully utilized by those who could profitably use it.

Certainly it cannot be said, as some have maintained, that the granting of such a free service benefits any one class of people. Instead, it is available to all, and if it is not used by an individual directly, one often secures its advantages indirectly, for it enables capital to be moved in such a way as to enhance the purchasing powers of the buyer. It is even maintained by some that wire transfers at par have been distinct business stimuli, since the ability to move capital at a moment's notice to the places where it is needed has made possible sales that would not otherwise have been consummated.

The transactions made through the fund during the war are typical of the advantages it offers in expediting fiscal agency operations.* At the time of the great volume of settlements occasioned by the issuance of certificates of indebtedness in anticipation of Liberty Loans, the fund was used to simplify the task of making enormous clearings. The settlement of April 12, 1917, for the week following the declaration of war, showed \$293,506,000 liquidated for the government, while transfers between Federal Reserve Banks during the week amounted to \$1,622,000, a combined total of \$295,128,000, by far the largest amount handled to that date.

Later, when payments for Liberty Loans began to come in, new records in clearings were made, the fund handling this great volume of business with unprecedented rapidity. It was then that great sums of government money were transferred "over the wires" from points where they had been collected to

the places where disbursements had to be made, the time consumed in transfers being measured in minutes instead of days.

The surprisingly low cost of maintaining the service is another of its striking advantages. During the first seven months of its operation about a billion dollars were cleared at the negligible expense of \$1,000. During the year 1916 the total expense was \$1,343.37, and even though the cost was approximately \$370,000 in 1920, including all incidental expenses of operation, the normal domestic exchange charge of 10 cents per \$100, if generally imposed, would have involved an expense to the Treasury and the commerce of the country of \$92,625,000.

ADEQUACY OF THE FUND FOR FUTURE OPERATIONS

This brings us to the point of inquiring just what volume of business has been transacted through the fund, and then to judge from these operations its adequacy or inadequacy in emergencies that might arise. All the evidence is favorable to the affirmative. Although it was predicted that "all the gold in the country would have to be locked in the subtreasuries to make the fund adequate," the prediction has proved only a bad guess. In spite of sharp fluctuations in money movements at times, the fund has been large enough to care for all of them with a net change in ownership of gold of only 5.4 per cent. in almost seven years of operation.

The figures for clearings and transfers which follow are also indicative of the ability of the fund to handle future business without necessitating the use of any appreciable portion of our gold supply.

Average Weekly Volume of Clearings and Transfers:

1915.....	\$31,898,000
1916.....	106,422,000
1917.....	522,206,000
1918.....	1,015,399,500
1919.....	1,422,774,000
1920.....	1,793,584,000

These figures represent an annual turnover in the fund amounting to 226 times its actual size, yet at the peak

* It was regarded as so successful at that time that the possibility of establishing an international gold fund and thus avoiding shipments from one country to another in settlement of ordinary commercial balances was suggested. Under the plan proposed, each country would deposit its proper proportion of gold, and settlements would be effected somewhat as in the United States. The saving incident to insurance, abrasion, interest and transportation charges would be very considerable. It is recognized at present, however, that the plan is impossible until the European countries return to a gold standard.

of settlements, when the figures ran over \$300,000,000 a day, the fund was serving the purpose of effecting these enormous settlements without a sign of "overload."

This shows that such a plan is entirely compatible with the Federal Reserve System and that this fund itself is not only adequate in principle, but can be expanded to meet almost any demands that might be made upon it.

CONCLUSIONS

The continued success of these operations has made costly shipments of

money to different parts of the country and the closely following refluency forever obsolete. But the fund has done more than save these losses. It has turned them into assets. Its operations have meant the inauguration of a service that brings the districts into closer contact with each other, the Federal Reserve Banks into closer touch with the members, and it enables the members to render a new and important service to their depositors. In brief, it has been the principal factor in securing a complete fluidity of funds throughout the entire country.



Building Up the Unprofitable Account

How Some Bankers Have Met This Delicate Situation

By S. Reid Warren

WITH fully one-third of individual bank accounts kept continually at too low ebb to be profitable, all bankers face an ever present problem, complicated by the fact that to ask a depositor to increase his balance is likely to cause offense.

But many bankers have proved it possible to build up unprofitable accounts to a paying level without offending; in fact, at the same time increasing good will. I recall at least one instance where a depositor, in response to a letter on this subject, called up his bank and thanked the cashier for bringing the matter to his attention.

TWO AVENUES OF INCREASED PATRONAGE

Those who have given careful thought and study to this problem realize there are two directions in which effort may be exerted to convert the unprofitable depositor into a paying one. First, encourage him to build up his deposits; second, induce him to patronize other departments, so that what might be lost in handling his deposit account can be made up from his patronage of other branches of the bank's service.

The reason a depositor grows indifferent about his bank balance is because he is not thoroughly "sold" on the advantages of favorable banking contact. Even though he was "sold" on the proposition when he first opened his account, he has not been *kept sold*.

WHY DEPOSITORS BACKSLIDE

This is the banker's own fault, but all too few bankers seem to realize it, or to awake to the necessity for continued education of depositors on the benefits of the various ramifications of banking service. They may be ever so diligent and persistent in following up new prospects, but present customers are seldom put on the mailing list for continuous educational propaganda.

Bankers whose customers have the best average balances are those who studiously cultivate present customers as well as seeking new ones. A bank's business is bound to grow one-sided, with a disproportionate share of low-balanced accounts, if it steadily adds "baby" accounts and fails to nourish them into maturity.

SPECIFIC ATTENTION TO THE LOW-BALANCE DEPOSITOR

But we are particularly concerned, at this writing, with the banker who already has the problem on his hands. How can he solve it without creating a new one in the shape of disgruntled customers?

Some have found an effective means in the habit of sending a letter with the **periodical statement**, using the statement as an excuse for the letter, in which attention is diplomatically directed to the advancement shown in the statement, and its relation to the individual financial advancement of its depositors.

This is best illustrated by a specimen letter of this character as follows:

To Our Depositors:

In directing attention to the accompanying statement, we wish to thank our patrons, who have made possible the fine showing reflected therein.

Increase in total deposits indicates both a larger number of depositors and larger individual deposits in many, many cases.

Those whose deposits have increased, we congratulate on their growing appreciation of banking service. And to those who have not thus fully utilized the bank's facilities, we offer the example of thousands who have forged their way to greater financial security through this means.

To a greater extent than, perhaps, any other business institution, the welfare of all patrons of a bank is mutual. As each more fully realizes this, he or she and all others benefit.

Use this, your bank, as an instrument in making substantial financial progress.

Cordially yours,

FIRST NATIONAL BANK,
John H. Greene,
Cashier.

Statement periods, however, are not frequent enough to deliver all the educational effort needed to convert the very indifferent depositor. Hence bankers who want to make a thorough job of building up the low-balance account go at it systematically, mailing out letters or printed matter each month.

These, of course, do not refer directly to low balances, which might cause offense, but through suggestion arouse interest in accumulating a larger reserve

and also educate the depositor in a larger use of bank account, thus automatically creating need for a larger working balance.

SHOW HIM HOW TO USE HIS BANK ACCOUNT

The nature of an account of course determines the theme of the educational treatment. A business man's account would require different attention from that of the housewife. But in a general way many arguments apply to all.

For example, some bankers set forth the benefits—both to depositor and the community—in paying *all* obligations by check and keeping a minimum of cash around the home or on the person. A whole year's campaign is readily built on this one feature. Just now, when robberies and hold-ups are so widely prevalent, this argument has specially strong force.

Some of the points brought out in such a campaign are: Convenience of paying by check; safety of funds when disbursements are made by check; automatic receipt provided in the cancelled check; better impression made by paying with checks; handier to mail check than to call in person with cash; advantage of recorded financial transactions when a review of recapitulation is necessary; necessity for records when income tax reports are due, etc., etc.

HOUSEHOLD ACCOUNTS

A mighty interesting series of letters or folders, or a booklet, can be built up on the relation of a bank account to the now popular budget system of household finance.

The necessary accumulations of the weekly or monthly budget items are properly taken care of by a checking account, which serves as a record of accumulations and expenditures through the stub memoranda of deposits and checks issued.

It might be suggested that the backs of check-stubs could serve as a place to note the budget items and amounts covered by each deposit, thus making the check book a complete household budget record.

SUGGEST REASONS FOR ACCUMULATING FUNDS

Keeping constantly before the depositor sound reasons for accumulating funds excites new and firmer interest in the bank account as a really useful tool in carving out a successful financial career.

For example, the Christmas Fund. This is generally urged as a special savings fund account separate from any other account or accumulation; but many an unprofitable checking account might show a healthy average balance if the possessor were educated to use it as a place to accumulate for a definite purpose as well as an active depository of currently expended funds.

Similarly can other savings purposes be suggested to the low-balance depositor; such as birthdays of relatives and friends when gift money must be available; graduation and engagement gifts, weddings, etc.—emergency funds as it were.

Just think what an inexhaustible store of ideas there are on which a series of messages on bank service can be built up on these and other reasons for a *growing* checking balance instead of a stationary one!

INTEREST CREDITS

Interest on balances above the required minimum constitutes another

argument in favor of keeping up a healthy balance. Whenever a book is balanced, therefore, showing no interest credit, a diplomatic note on the subject will have good effect.

Many banks, by the way, have a printed form for notifying of a charge for service when the balance runs below a certain minimum. A *printed* notice of this kind defeats its own purpose by creating the impression that low balances are quite the rule instead of the exception—else why print up notices in quantity?

A multigraphed notice, carefully filled in—to all appearances a specially dictated letter—is recommended for the psychological effect. To maintain the impression of individuality, new forms should be prepared frequently, so that no depositor will get the same letter twice. With all such notices, printed matter should be enclosed advertising other phases of the bank's services.

A volume could be written on the subject of building up low balances to a profitable level. Hence this brief article is intended to be only suggestive. But even this topical treatment shows how numerous are the ways of inducing a more active use of the bank account and will, it is hoped, open new avenues of thought in this connection to the banker who is faced by a long array of low-balance customers.



[T] is our duty so to direct the foreign relations of our country that the power of public opinion shall be for peace.—ELIHU ROOT, *ex-Secretary of State*.

Some Bank Credit Problems

THE BANKERS MAGAZINE has secured the services of a capable bank credit man to answer the inquiries of readers on current problems of the credit manager. Questions of general interest to credit men and bankers will be answered and only the initials of the person asking the question will be used. In case the question is not one of particular interest to bank credit men as a whole or one which has been answered before, a reply will be made by mail.

In order that all questions may be answered intelligently, it is requested that they be direct and to the point, but that sufficient necessary detail be included to enable the editor to draw the proper conclusion. Inquiries should be addressed to the Editor, Bank Credit Problems, THE BANKERS MAGAZINE, 253 Broadway, New York.—Editor.

CORRECTION: In the March issue, on page 571, in answer to the question, "How do you consider fixed charges such as interest on bonded debt, etc.," the words "quick asset" were used in the first sentence of the third paragraph instead of "quick liability." This error is called to the attention of the readers so that it may be changed in case back numbers of the Credit Problems are being saved for further reference.

QUESTION: (a) I should appreciate your informing me what the editor meant when he used the words "working capital" in a recent problem. I assume that he referred to the difference between quick assets and quick liabilities, and should be glad to hear from you in regard to this matter.—R. H. M.

(b) It is not quite clear in my mind what you mean by "working capital." In analyzing a credit statement, how can you arrive at the proper working capital on which to base accommodation? Suppose a man goes into the plumbing business, has cash of \$10,000, fixes up a place with fixtures costing \$2000 and buys \$6000 worth of merchandise. This would leave him \$2000 in cash. What would you consider the working capital on which a loan should be granted? I have labored under the impression that by working capital we mean the net worth of the person or corporation, less the amount of fixed assets. Will you please explain more fully?—A. K.

ANSWER: The working capital of any business is generally considered to be the difference between the current assets and the current liabilities, or, in other words, it is the net current assets. Or, as A. K. has suggested, it is the net worth minus the slow assets, providing, of course, that there are no bond issues or deferred liabilities. There is, however, a shade of difference between the working capital of a con-

cern and its net current assets, based upon whether one is viewing the proposition as that of a going concern or considering the risk from the viewpoint of a creditor in case of liquidation. The working capital, as well as the net current assets, therefore, will depend largely on the character of the assets under consideration.

When analyzing a credit risk on the basis of a going proposition, and that is practically the only kind of a risk in which a commercial bank is interested, current assets are generally believed to be those which will be turned into cash in the usual course of business within a stipulated time. Such assets include cash, receivables, merchandise and possibly Liberty bonds, and are used or come about in the actual turnover of the business. Raw material is purchased and made up into the finished product, and when sold, receivables and cash take its place. A bank loan is made in anticipation of the proceeds of current business transactions, and to assist the concern in handling its seasonal or current business.

Actual working capital, therefore, is based upon actual current assets used in the turnover of the business. In this connection it is of great importance to have a knowledge of the quality and character of these assets. There is the possibility that the merchandise is out of style or not readily salable. Then again many of the receivables may be past due and the possibility of ultimate collection doubtful. Also, there is a certain relationship between the various items, and none of them should be excessively large or small. If, for example, ninety per cent. of the current assets of a company were tied up in merchandise, and the cash item extremely low, we could hardly say that the concern had a good working capital, even though the current ratio from the technical standpoint was satisfactory. Then again, if nearly all of the current assets were composed of receivables, and collections were at all slow, the proposition could hardly be considered to be in a good liquid condition. Generally speaking, a statement is issued at the season when the business is in its most liquid position, and in normal times the inventory would be at its low point for the year with a goodly amount of receivables and cash in evidence. The banker must,

however, be acquainted with the type of business in question and have a fairly good idea of what condition of affairs should be expected at a certain season, and then judge the statement accordingly.

When considering the net current assets of a concern, there are sometimes certain items, which, although not actually used in the turnover of the business, are nevertheless quick in nature and could be readily liquidated or borrowed against. Such items include high grade stocks and bonds enjoying an active market, the cash surrender value of life insurance policies on partners or officers payable to the business and similar assets. There seems to be a difference of opinion among bankers as to whether such items should be treated as current or slow, although in a majority of cases they are included in the latter. If, however, they are being borrowed against, and the liability treated as quick, there is no question but that they should be included with the current assets. Some commercial concerns, for one reason or another, have placed a fairly large proportion of their assets in active securities, and where this investment remains substantially the same from year to year, it can be seen that these securities are not being used as a part of the company's active working capital. In other words, they are not actively assisting in the annual turnover of the business. Nevertheless, they could be readily converted into cash at any time and in such form would be the most current of all assets. As another example, the copper rollers used in the printing and engraving business are really a part of the fixtures and are not considered a part of the active working capital. But, in case of liquidation, these rollers could be sold at approximately the current rate per pound for copper metal and could thus easily be converted into cash. Thus there is a certain difference between active working capital and actual net current assets.

Although it is not the function of a bank to loan a concern which is contemplating early liquidation, most risks being on the basis of a going proposition, it is, of course, well to consider what the assets would bring in the event of liquidation. This thought should, therefore, be borne in mind when classifying the various assets in a statement. And it is, of course, possible that a bank might be called on to make a special kind of a loan—one in anticipation of the proceeds from the sale of assets. In such a case the banker would wish to protect himself in every possible way, so that first claim could be had on certain assets or cash. Such a proposition would have to be based strictly upon its own merits, with full protection in evidence.

As another example of a special transaction, a concern might be going to sell a bond issue two or three months hence, and in the meantime need some money, which

would be repaid when the bonds were sold. In such a case, it would be necessary for the bank to know whether it would be possible for the company to actually sell the bonds, or if it had a definite commitment with a responsible investment banking house for their disposal.

The foregoing are merely some suggestions of special transactions which might occur, but as previously stated nearly all bank loans are made for the purpose of financing current or seasonal business transactions of commercial concerns doing a regular business, and are not made from the viewpoint of receiving payment through the sale of assets or the liquidation of the business.

Referring to the problem suggested by A. K., that of a retail plumbing business, the working capital would be composed of the merchandise and cash, or a total of \$8000, there being no indebtedness. Without further particulars, however, it would be impossible to state as to what bank accommodation might be granted in proportion to this amount of working capital. Although a financial statement is necessarily essential in passing upon any risk, the major considerations are the elements of integrity, ability and experience of the management. In other words, a statement is no better than the man who makes it. No one can, therefore, make a set rule regarding the loaning of money. All of the above points must be taken into consideration and the banker must also know something as to the commercial opportunity for the business, competition and prospects for success. He should also inquire into the reasons for borrowing the money and be acquainted with the seasonal activity of the business. General conditions likewise having a bearing upon the desirability of the risk, and then again the matter of location brings about varying and different requirements.

It can thus be understood that where one person with a so-called working capital of \$8000 might be entitled to liberal accommodation, another party of like means might be worthy of but little or no credit. The bank officer must, therefore, have the ability to judge between the good and the bad, and in so doing will be guided by experience, keen insight into human nature, careful analysis of figures and common sense.

QUESTION: In analyzing a statement where certain so-called quick assets are pledged, should these still be considered quick assets and the offsetting indebtedness carried as a current liability? Explain with examples of various assets.—H. Y.

ANSWER: Yes, even though assets are pledged, the full amount of both the assets and the offsetting liabilities are car-

ried as quick (current) on both sides of the statement. As first thought this may seem rather out of place, as hypothecated current assets are, of course, of a quick nature only to the person to whom they have been pledged. However, if they were carried as slow, the corresponding liability would no doubt be carried as slow also, and this would not represent a true condition of affairs. More important still, where certain current assets are pledged, such as Liberty bonds for example, and only the net amount or unpledged bonds included with the assets and the offsetting liability not shown, the resulting current ratio is more favorable than otherwise. In fact, the addition of a like amount of current assets and debt to a statement always lowers the ratio. It is therefore necessary, from the banker's standpoint, to carry the full amount of both as quick, with a specific notation made on the statement as to the amount that has been pledged.

An example of pledged assets occurs in the case of accounts receivable. Bankers as a general rule do not look upon this practice with favor, although the chief criticism possibly comes from the secrecy often maintained (that is, the concealing of the fact that part of the accounts have been pledged) rather than the simple fact that part of the assets have been used as collateral for a loan. It sometimes happens that clients who have pledged part of their accounts desire their auditors to show merely the net amount of receivables on the statement, making no mention of the amount that has been assigned. This is wrong, practically amounting to falsification of statement, and a reputable accountant will not accede to such a demand. Where books are not audited and it is necessary to depend on the borrower's own figures, it is very essential for the banker to be sure that the moral risk is good; otherwise, it may be possible that assets are being pledged and the matter is never brought to the banker's attention.

The pledging of assets must not be confused with the custom employed by many representative business houses of discounting notes receivable. In the latter case the title passes to the person or bank discounting the notes, and no direct liability is incurred. A contingent liability is created, however, which should be mentioned at the foot of the statement. As this subject was covered quite fully in the March issue, it will not be necessary to go into detail at this time.

Another case of pledged assets occurs when a company borrows from its bank against a warehouse receipt representing merchandise. In this instance, the full amount of the merchandise should be shown on the statement as an asset, but mention should be made that a certain portion has been pledged, and the liability should be set

up on the liability side. It is, of course, obvious that, although certain assets are pledged, they still remain the property of the person pledging them and must be returned when the liability is paid.



Paying Employees by Check

IN a letter recently addressed to the Commissioner of Police, Hon. John F. Hylan has proposed that wherever feasible merchants and business men make payment of employees by check instead of cash. The Mayor says:

Would it not be a good plan to call the attention of the merchants and business men in this city to the advisability of paying the salaries of their employees by check instead of cash where such a plan would be feasible?

The greater part of the employees in the city service are paid by check. In every instance where this method of payment has supplanted the cash payroll, the satisfaction has been general. In the case of certain employees, particularly per diem workers, where cash payments still prevail, guards always accompany the paymaster.

The experience of the city with check payrolls as a means of more prudent guardianship of money prompts the suggestion of this method of payment to all business houses which periodically draw large sums of money from banks to meet payrolls.

Business men appreciate that it is not humanly possible for the police to know or to watch the movements of every messenger carrying cash payrolls in the five boroughs of this city, although where special protection has been sought it has always been promptly extended by the police.

Through various channels, professional thieves get information as to the location of large sums of money withdrawn from banks for payroll purposes. When they also learn that an unguarded stenographer or office employee is entrusted with this money, a strong temptation to rob is offered to the criminal element. The determination to secure this money leads to the adoption of the most desperate measures when hold-ups are staged.

The suggestion to business men that they remove one source of temptation to bandits by the substitution of check payrolls, where practicable, for cash payments, is offered in the interest of the protection of the business houses as well as crime prevention. We know that it will be accepted in the spirit in which it is offered.

What Makes a Bank Successful?

"SIX factors enter into the successful operation of any bank whatever its size be," said C. H. Crennan, economist on the staff of the Continental and Commercial National Bank of Chicago, in an address before the midyear meeting of the Indiana Bankers Association. "They all pertain to the staff organization and are as follows: Selection, training, mobility, pay, health and morale.

"There is no such thing, in my opinion, as a typical or representative bank," said Mr. Crennan, in introducing his talk on "Staff Organization as a Source of Profits." "But I am convinced that the size and situation of a bank have nothing to do with the factors that determine the effectiveness of a bank staff.

"Do not think, as I speak, that I am calling the staff organization in all of your banks a failure. I desire merely to assert general principles of successful staff organization, for the help that they may be to the banker whose thinking on the subject has not been clear and cogent.

"Of the six factors—selection, training, mobility, pay, health and morale—three are the most important. They are selection, training and pay. Proper selection of workers on a staff involves a close analysis of every job in a bank to determine the requirements of the job, a testing of candidates for the job to make sure that they can measure up to the job requirements, and close rating of actual performance of workers after they have been placed.

"Training must be given largely by the higher officers in a bank. Routine bank work is not difficult to learn. Many things can be learned by experience. But staff workers should learn the 'why' of things. Analytic judgment should be developed. Ordinary methods of preparation for bank work too frequently neglect this 'why' training. It is practically impossible for a young man to advance beyond routine work to judgment jobs higher up without a development of his powers of analysis and

judgment. Higher officers must develop this habit in their workers.

"Money makes the mare go. No amount of welfare work and stunts provided by the officers of an institution can make up for inequitable compensation. According to figures compiled in 1918, bank employees were rated as the second highest class of wage earners in America, excelled by water transportation workers only. The average annual wage of bank workers at that time was shown to be \$1461. This indicates that there is no need for great alarm about the pay of bank workers, but nevertheless it must be emphasized that pay is always an important factor in a successful staff organization. Average earnings do not tell much. The problem is one of providing a salary to each worker which takes into consideration the relative importance of the work he is performing, proper living standards and a margin for the finer things of life such as cultural reading, social contacts and recreation.

"Health of bank workers is dependent very largely on the care each worker gives himself. There is no occupational disease in banking. Of course, an institution should provide proper lighting, ventilation and sanitary facilities. But the illness of bank employees is usually caused by personal neglect of hygiene laws which gives rise to colds and indisposition. Health examinations, gymnasium work and the like may well be provided by larger institutions, but they are not necessary to health.

"Morale depends on all the other factors named, but chiefly it depends on the leadership of a bank. Bank clubs, bank magazines, pension funds and so forth are interesting and well in some cases, but they cannot make up for the lack of leadership. Bank workers must have confidence in the ability of their superiors.

"All methods and machinery for staff organization should be adapted to each particular bank and should be as simple as possible."

Banking and Commercial Law

SPECIAL

The **BANKERS
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SECTION



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Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts
Upon Questions of the Law of Banking and Negotiable Instruments

The Par Collection Dispute in Georgia

American Bank & Trust Co. v. Federal Reserve Bank of Atlanta, United States District Court, Northern District of Georgia.

THE injunction proceeding brought by the country banks in Georgia against the Federal Reserve Bank of Atlanta, which has already been carried up to the Supreme Court of the United States on a demurrer, has finally been decided on the merits by the United States District Court, for the Northern District of Georgia.

The decision favors the Federal Reserve Bank, except as to one particular. The court holds that a Federal Reserve Bank is not entitled to place on the par clearance list, the name of a non-member bank, without that bank's consent. The court's reason for so holding is that the par clearance list is a list of banks, against which checks will be collected by the Federal Reserve Bank at par, and the appearance of a non-member's name on that list might lead to the conclusion that such bank had agreed to remit at par. This point becomes rather unimportant, in view of the fact that the court further holds that the Federal Reserve Bank may include in the par clearance list, the names of towns or cities, with a representation that the Federal Reserve Bank will undertake to collect at par, checks drawn on any bank in any such town or city.

As for the rest of the decision, the court holds that the Federal Reserve Banks are authorized to collect any and all checks payable on presentation; that they must collect such checks at par; that where a drawee refuses to remit at par, the Federal Reserve Bank may adopt any proper instrumentality of collection. The court further found that the Federal Reserve Bank of Atlanta had not, with ulterior purpose,

allowed checks on any bank to accumulate, so as to coerce or injure it by presenting such accumulation of checks over the bank's counter at one time.

OPINION

BEVERLEY D. EVANS, District Judge—This case was heard by me on its merits and, after argument and due consideration, I find as follows:

1. Under Sections 13 and 16 of the Federal Reserve Act, the Federal Reserve Banks are empowered to accept any and all checks payable on presentation when deposited with them for collection.

2. Checks thus received must be collected at par. The Federal Reserve Banks are not permitted to accept in payment of checks deposited with them for collection an amount less than the full face value of the checks.

3. In the discharge of its duties with respect to the collection of checks deposited with them, and with respect to performing the functions of a clearing house, the several Federal Reserve Banks are empowered to adopt any reasonable measure designed to accomplish these purposes. To that end a Federal Reserve Bank may send checks to the drawee bank directly, for remittance through the mails of collections without cost of exchange. If the drawee bank refuses to remit without deduction of the cost of exchange, it is in the power of the several Federal Reserve Banks to employ any proper instrumentality or agency to collect the checks from the drawee bank, and it may legitimately pay the necessary cost of this service.

4. The process of the daily collection of checks, in the exercise of the clearing house functions, is not rendered unlawful because of the fact that of the checks handled two or more of them may be drawn on the same bank.

5. It is a legitimate feature of the

clearing house function of a Federal Reserve Bank to publish a par clearance list—that is, a list of banks on which checks are drawn that will be collected at par by the Federal Reserve Banks. But inasmuch as a conclusion may be drawn from the appearance of a bank's name on the par list that it agrees to remit at par, or has agreed to enter the par clearance system, I do not think such list should include the name of any non-member bank, unless such non-member bank consents. I see no objection to including in the par clearance list the names of towns or cities, with a representation that the Federal Reserve Bank will undertake to collect at par checks drawn on any bank (member or non-member) in such town or city.

6. In the inauguration of its par clearance system, I find that the Federal Reserve Bank of the Atlanta District was not inspired by any ulterior purpose to coerce or injure any non-member bank which refused to remit at par. Specifically, I find the charge that the Federal Reserve Bank at Atlanta would accumulate checks upon country or non-member banks until they reach a large amount, and then cause them to be presented for payment over the counter, so as to compel the plaintiffs to maintain so much cash in their vaults as to drive them out of business, as an alternative to agreeing to remit at par, is not sustained by the evidence.

7. I find the evidence insufficient to sustain any charge in the bill that the Federal Reserve Bank was acting illegally, or exercising any right it had so as to oppress or injure the plaintiff banks. With regard to the publication of the names of non-member banks on the Federal Reserve Bank's par list, while I do not think the evidence justifies a finding that such publication was done to injure or oppress plaintiff banks, nevertheless I do not think the names of plaintiff banks, or any of them, should be included in the list without their consent.

The general result of my findings is, that the plaintiffs are entitled to the

writ of injunction against the inclusion of their names on the par list without their consent, but are not entitled to an injunction for any other matter complained against the respondents.

Let an appropriate decree be submitted giving effect to the foregoing findings.

This March 11th, 1922.



Bank's Liability for Bonds Left With it for Safe-Keeping

Kubli v. First National Bank of Pleasantville, Supreme Court of Iowa,
186 N. W. Rep. 422.

The plaintiff, Kubli, brought suit against the defendant bank to recover the value of Liberty bonds, which he had left with the bank for safe-keeping and which had been stolen by burglars.

It appeared that on January 13, 1920, the bank's vault had been broken into and robbed, the burglars stealing, among other securities, the plaintiff's bonds.

One of the contentions advanced by the bank was that it was a gratuitous bailee, that is, that it had received the bonds for safekeeping without compensation, and should, therefore, not be held to the same degree of care that is exacted of one who is compensated for such services. As to this proposition, the court pointed out that, while the bank received no direct payment for its services, the transaction was one of mutual benefit and advantage to both the bank and the customer and not merely an accommodation to the customer.

But, even assuming that the bank could be regarded as a gratuitous bailee, it was held that it would have been proper, under the circumstances, for the jury to have found the bank guilty of negligence and, therefore, liable. The rule applicable is that the bank, as a gratuitous bailee, would be obliged to exercise the same care over

the bonds that it would exercise over its own property, of similar character, in like circumstances.

In the evidence, it appeared that the bonds were kept in a filing cabinet inside of a non-burglar proof vault made of brick "with a door faced with a quarter inch of steel and fastened with a combination lock." Inside of the vault was a steel safe, having a screw type of door six inches in thickness and secured by a time lock. The bank's own bonds were kept in the safe. The burglars rifled the filing cabinet and made away with its contents, but did not succeed in breaking into the safe.

On the trial, the court directed the jury to bring in a verdict in favor of the bank. On this appeal, the judgment was reversed and a new trial ordered, with instructions that the question as to the bank's negligence be submitted to the jury. "It is a significant fact," said the court, "that the bank, while carefully securing the safety of its own bonds in the steel chest, and thereby foiling the robbers and saving itself against the loss of a dollar, left the bonds which it held in bailment outside the chest unprotected, except by the comparatively flimsy brick wall of the vault, which offered no effective resistance to enterprising burglars. We do not for a moment intimate any complicity of the bank or its officers in the crime committed, but we think it too clear for serious argument that the question whether the bank, acting by its officers and agents, exercised the care reasonably required of it to preserve the deposit placed in its keeping, was a question of fact for the jury and not of law for the court."

OPINION

Action at law to recover from defendant a sum of money alleged to have been paid to or deposited with defendant for the purchase of Liberty bonds, or to recover the value of the bonds, which defendant undertook to purchase on plaintiff's account. The material facts are stated in the opinion. There was a trial to a jury, at the close of

which verdict was directed and judgment entered in favor of defendant, and plaintiff appeals. Reversed.

WEAVER, J.—The petition states that in the years 1918 and 1919 plaintiff subscribed and paid to the defendant bank the sum of \$1,711.25 for Liberty bonds of the United States of the face value of \$1,700. It is further alleged that since said payment of deposit plaintiff has demanded from defendant a delivery of the bonds so subscribed for, or a return of the money paid for that purpose, but defendant has failed and neglected to comply with said demand, asserting that it did in fact purchase the bonds and hold them for plaintiff, but that the same have been lost or stolen. It is further alleged that if defendant did in fact purchase and receive the bonds, defendant did not advise him of that fact until after the alleged loss of the bonds, and if such bonds were in fact so procured defendant retained the possession thereof at its own risk, and if lost the loss occurred through the negligence of the defendant. Plaintiff still further alleges that the bank held itself out to the plaintiff and to the public as a safe and secure depository, and represented to plaintiff that the deposit with it of said bonds was fully covered by insurance; that defendant advertised to its customers through the public press, inviting the owners of bonds to leave them for safe-keeping with the bank, which could assume responsibility therefor; and that plaintiff, relying upon said representations and promises, was thereby induced to allow said bonds to remain in the custody of the bank.

Answering said claim, the defendant admits that it took the plaintiff's subscription for said bonds and received the money therefor, and thereafter in due time notified plaintiff of the receipt of the bonds, and offered to deliver the same to him, but at his request they were left in the possession of the bank. It is further alleged that on the night of January 13, 1920, the bank was entered by burglars, by whom the vault was broken open and the bonds

belonging to the plaintiff were stolen and carried away, and have never been recovered.

On the trial below the fact that plaintiff did subscribe for Liberty bonds to the face value of \$1,700 through the defendant bank, of which he was a customer, was admitted. It was further conceded that he paid the bank therefor in full. As a witness, plaintiff testified that the money so paid was never returned to him, nor were the bonds ever delivered or tendered him. The testimony on part of the defense was to the effect that, having received the bonds on plaintiff's account, it exhibited them and offered to deliver them to him, and at his request they were allowed to remain in the bank. The defendant's evidence further tended to show that the final payment for the bonds was made about April 11, 1919. The bonds were thereafter placed and kept in a filing case in the bank vault. The vault was not burglar proof, being made of brick, with a door faced with a quarter inch of steel and fastened with a combination lock. Inside the vault was a steel money safe or chest, with a screw type of door some six inches in thickness, and secured by time lock. Certain bonds, among which it is claimed were those belonging to plaintiff, were kept in a filing case inside the vault, but outside of the steel safe. Other bonds, belonging to the bank itself, and some belonging to customers, were kept in the steel safe. The evidence further tends to show that the bank received and cared for bonds belonging to its customers, and that on October 23, 1919, it published in the local newspapers an advertisement reading as follows:

"The First National Bank Bond Service. Should you find it necessary to dispose of your Liberty bonds, we will pay you the current market price, paying you cash therefor. Or, if you desire to leave your bonds with us for safe-keeping, we will issue you a receipt for them and assume full responsibility. If you have registered bonds to dispose of, remember we are the only bank in town that can certify your

signature on same. Cash paid for your matured coupons on presentation. Yours for service in any of your bond transactions. We pay you five per cent. on time deposits. The First National Bank. 'Always.'"

The trial court excluded this evidence on the objection of the defendant, a ruling to which we shall again refer.

Concerning the alleged burglary and loss of the bonds, defendant's showing was to the effect that on the night of January 13, 1920, the bank was entered by persons unknown, who gained access to the vault by burning out the lock upon the vault door, and stole therefrom the bonds, or part of the bonds, including those belonging to plaintiff. The bonds so stolen were those kept in the filing case in the vault outside of the steel safe. The safe was not broken open, and none of the money or securities kept therein was lost or disturbed. In cleaning up the bank after the burglary, bonds were discovered which appear to have been overlooked by the burglars to the amount of \$8,000. The bank itself lost no bonds.

As above noted, the plaintiff offered in evidence the defendant's advertised offer of safe-keeping for Liberty bonds, but defendant's objection thereto was sustained, and error is assigned upon that ruling. Plaintiff further offered to prove the cashier's statement to one Butcher, having bonds in the bank, that the bank's vault was burglar-proof and fireproof and was insured to a large amount. This was also excluded. At the close of the evidence, defendant moved for a directed verdict in its favor. The grounds assigned for the motion are varying forms of the single proposition that the evidence in the case is insufficient to sustain a verdict for the plaintiff. The motion was sustained, and verdict returned as directed. Judgment entered accordingly, and plaintiff appeals. . .

Under the issues joined and upon the conceded fact that defendant did receive the plaintiff's money for the purchase of the bonds, and did in fact hold the bonds in its possession for

plaintiff's use or benefit, and that when a delivery or return of the bonds to the plaintiff was demanded defendant did not and could not comply with such demand on the plea that said securities had been lost or stolen, the burden was upon it to show, not only the alleged loss, but also that such loss had occurred under circumstances which relieved it from liability. *Sherwood v. Bank*, 131 Iowa 532, 109 N. W. 9; *Hunter v. Ricke*, 127 Iowa 111, 102 N. W. 826; *Miller v. Miloslawsky*, 153 Iowa 137, 133 N. W. 357; *Funkhouser v. Wagner*, 62 Ill. 59; *Davis v. Tribune*, 70 Minn. 95, 72 N. W. 808; *Baehr v. Downey*, 133 Mich. 163, 94 N. W. 750, 103 Am. St. Rep. 444; *Nutt v. Davidson*, 54 Colo. 588, 131 Pac. 390, 44 L. R. A. (N. S.) 1170; and see cases cited in note 88, 6 C. J. 1168, 1169. It is true that when this burden has been met by a showing sufficient to rebut the presumption of negligence arising from the failure to redeliver the subject of the bailment, the burden of proving negligence is upon the bailor, and if there be no other fact or circumstance shown from which the jury may properly find a want of due care by the bailee, there can be no recovery. *Hunter v. Ricke*, 127 Iowa 111, 102 N. W. 826. In the cited case this ruling was applied because it appeared that plaintiff "relied solely" upon the presumption; but the court was there careful to point out that a plaintiff may still recover if he goes farther and "either disproves the asserted cause of loss or make it appear that a want of ordinary care on part of the appellate co-operated with such destroying cause." In the case now before us, the plaintiff does not rely solely upon the presumption arising from defendant's failure to redeliver the bonds, but offers evidence of facts and circumstances tending to show want of due care by the bailee, and it is his contention that the evidence as a whole, when given its most favorable construction in support of his claim, presents a question of fact upon which he was entitled to go to the jury. A careful review of the entire record forces us to the conclusion that ap-

pellant's assignment of error upon the ruling of the court at this point, sustaining the defendant's demand for a directed verdict, is well taken, and that the motion should have been denied. That the case even as made and relied upon by defendant is one between bailor and bailee cannot be doubted. We shall not take time for any prolonged discussion upon the classification of bailments. There is no presumption that this bailment was gratuitous, and there is no evidence on that subject unless it be an inference drawn from some of the testimony that nothing was said between the parties upon the matter of compensation. If any inference upon the subject is to be indulged in, it may well be of the character spoken of by us in the *Sherwood Case*, where it is said that—

"An institution whose avowed object is to make money cannot be assumed to pursue the business of receiving such deposits save for some anticipated advantage to itself and the drawing or retaining a paying business furnishes as good a reason as though direct compensation were required."

In other words, the taking and holding of such deposits by a bank for its customers is a transaction to the mutual advantage of the bailor and bailee, and not solely a matter of mere accommodation to the former. For the purposes of this appeal, however, we will assume that the bailment may be treated as gratuitous. Even so, the concession does not advance us beyond the threshold of the case. A gratuitous bailee, receiving into his possession the valuable property of another for safekeeping, enters into a contract relation with the bailor; a relation by which he becomes charged with an enforceable obligation for the benefit of the latter. The fact that there is no payment provided or promised for the service so rendered is a material circumstance as bearing upon the amount and kind of care which he is bound to give to the thing bailed; but it does not operate as an absolution from all liability on his part. Under the earlier authorities this branch of the law be-

came complicated and not a little obscured by learned and hair-splitting distinctions by which the care required at the hands of a bailee was "slight" or "ordinary" or "great" and the negligence for which he might be held was "slight," "ordinary," or "gross," according to varying circumstances. These ancient rules and distinctions still survive in some jurisdictions, but with a manifest tendency to a relaxation in technical strictness of application. In this state we have refused to recognize the so-called "degrees" of care and negligence. All "due care" is reasonable care, and, conversely, "reasonable care" is due care. The inquiry in the case of a bailment involves consideration of the nature and character of the thing bailed; the measures ordinarily employed for its protection and preservation; the care which the ordinary or average person is accustomed to exercise in caring for his own property of like nature and value; the compensation or absence of compensation received or to be received for the service, and all the other material facts from which the impartial trier of facts may reach a just and fair answer to the inquiry whether the bailee has taken that care of the thing intrusted to him which may reasonably be demanded of him. It is well settled in law, as well as in the minds of all just men, that the bailee serving without compensation should not be held to that high standard of requirement which may reasonably be insisted upon as against one who serves for hire, and, if without negligence or wrong on his part the thing bailed is lost or destroyed, he is relieved from responsibility. There is, however, a reasonably well-defined rule by which to test or measure the extent of his duty and liability to the bailor. In *Sherwood v. Bank* 131 Iowa 536, 109 N. W. 9, where the defense, as in this case, was based on the theory that the bank was at most a gratuitous bailee, we said:

"Conceding the deposit to have been gratuitous, we inquire what is the duty of a bank in care of bonds or other papers deposited for safe-keeping? No

one would contend that it should be held as an insurer. On the other hand, such papers are left with banks because of their special facilities for safely keeping them. Their duty is to be measured somewhat by their situation, and it is exacting none too much to require that banks accustomed to keep such deposits exercise that care which business men of prudence would exercise in keeping property of like value in like circumstances."

The Massachusetts court says that—

"Every one, who receives the goods of another in deposit, impliedly stipulates that he will take some degree of care of it. The degree of care, which is necessary to avoid the imputation of bad faith, is measured by the carefulness which the depositary uses toward his own property of a similar kind." *Altman v. Aronson*, 231 Mass. 588, 231 N. E. 505, 4 A. L. R. 1185.

And again in the same case the court says:

"The duty which the law imposes on gratuitous bailees is that the bailee shall act in good faith, that is, he shall use the degree of care in the performance of the undertaking which is measured by the carefulness which the depositary uses toward his own property of similar kind, under like circumstances."

The same holding is repeated by the same court. *Rubin v. Huhn*, 229 Mass. 126, 118 N. E. 290, 4 A. L. R. 1190. See, also, *Bank v. Affholter*, 140 Ark. 480, 215 S. W. 648; *Boyden v. Bank*, 65 N. C. 13; *Bank v. Graham*, 79 Pa. 106, 21 Am. Rep. 49.

Quite in point also is the statement of the rule by the Vermont court in *Whitney v. Bank*, 55 Vt. 155, 45 Am. Rep. 598, that the duty of the bailee in such case required it to keep the bonds in good faith within its safe under all the safeguards afforded to like property of its own.

It would be a very violent departure from this rule for us to hold as a matter of law that the claim of plaintiff in this case has no foundation except the presumption which attaches to its

failure to redeliver the bonds on demand or to further hold as a matter of law that such presumption has been successfully rebutted. (Under the evidence, even that of defendant itself, the jury would have been authorized to find that it did not use the care in keeping the plaintiff's bonds which it habitually used in the care of its own property of similar kind. It is a significant fact that, while carefully securing the safety of its own bonds in the steel chest, and thereby foiling the robbers and saving itself against the loss of a dollar, it left the bonds which it held in bailment outside the chest unprotected, except by the comparatively flimsy brick wall of the vault, which offered no effective resistance to enterprising burglars. We do not for a moment intimate any complicity of the bank or its officers in the crime committed, but we think it too clear for serious argument that the question whether the bank, acting by its officers and agents, exercised the care reasonably required of it to preserve the deposit placed in its keeping, was a ques-

tion of fact for the jury, and not of law for the court.) *Preston v. Prather*, 137 U. S. 604, 11 Sup. Ct. 162, 34 L. Ed. 788; *Bank v. Affholter*, 140 Ark. 480, 215 S. W. 648; *Skellley v. Kahn*, 17 Ill. 170.

II. We are disposed also to hold that the court erred in ruling out the evidence relating to the advertised offer of the bank to receive such deposits. We so hold, not because the advertised offer affords in itself any right of action to the plaintiff, but it is quite material circumstance tending to show that the bank was acting as a depository of bonds and soliciting business of that kind and that the taking or holding of plaintiff's bonds was not an isolated or exceptional instance outside of its ordinary line of business.

As what we have already said necessitates a reversal of the judgment below and a remand of the case for new trial, we pass other questions argued by counsel without discussion. The judgment appealed from is reversed, and new trial ordered.

Reversed.



A Run That Never Even Started

How the North-Western Banks by Prompt Action Surmounted a Dangerous Crisis

THE North-Western Banks of Chicago recently went through a remarkable experience, which should be of interest to every banker. It all happened in two days last March, when, as a result of a series of mysterious rumors of a malicious and unfounded nature, some of the depositors of these banks became nervous about the condition of the institutions.

The actual result which occurred, however, was quite opposite to what the perpetrators probably expected. As soon as a few of the depositors came to the North-Western Bank at Milwaukee avenue and Division street on Thursday evening after closing hours, word came to John F. Smulski, presi-

dent of both institutions, that some of the depositors were uneasy and had gathered before the bank. He immediately hurried to the scene and talked personally to everyone within hearing. In a short time the greater part of the gathering had left. Next morning banks and business men throughout Chicago were apprised of the situation. It was plain to everyone that stories which were absolutely without foundation had been circulated in some way among the people in the neighborhood. The truly remarkable effect was the unprecedented way in which banks, the Chicago Clearing-House Association, Federal Reserve Board, and business men, large and small, all over the North-West side

and other sections of Chicago, hastened to express their confidence in the North-Western Banks and to offer every possible aid in case of need.

Dozens of prominent business men from Milwaukee avenue and other parts of the North-West side came to the bank with cash and certified checks offering to place them on deposit in order to show in a material way their unshaken confidence in the institution. One large loop bank, without solicitation from anyone and without even advising the officers of the North-Western Bank, sent an armored car with several hundred thousands of dollars in currency as its contribution toward meeting the emergency. The governor of the Federal Reserve Board, J. B. MacDougal, issued a public statement showing that the North-Western Trust and Savings Bank had a most excellent standing and that the Federal Reserve Bank was ready and anxious to respond liberally and cheerfully to any requirements of the situation.

But probably the most gratifying development of all was the manner in which the many prominent men and women of the district responded. Merchants, professional men and women, heads of local organizations, clergymen and leaders in every walk of life came to the bank. All of them mingled with the people who had become apprehensive, scoffed at their fears and argued and pleaded with them to be sensible.

Members of the clergy and leading men and women mounted wagons and improvised platforms and made stirring speeches to the gathered throngs. All morning and into the afternoon hours these priceless friends of the North-Western Banks exerted themselves to the utmost to counteract the poisonous effects of the baseless rumors that had taken hold of the public. The officers and directors of the banks could not themselves have worked harder and with more earnestness.

Among those who were most active in their efforts were the Reverend Fathers Sztuczko, Obyrtacz and Domrowski of the neighboring parishes, Miss A. Emily Napieralska, president

of the Polish Women's Alliance, and J. Magdziarz, president of the Polish National Alliance. Too much cannot be said for the splendid spirit shown by these leaders.

Early in the day a personal telegram was received from Andrew Russell, auditor of public accounts of the State of Illinois, who is in charge of the Illinois State Banking Department, stating that the North-Western Banks stood out among the strongest institutions in Chicago and advising that he was personally sending a deposit of \$5000 of his own money. The Continental and Commercial National Bank, which has the greatest resources west of New York City, came forward also with an offer of any aid that might be needed. Similar offers were received from large New York banks.

Pleasing as all these kind offers of aid proved to be, the North-Western Banks were able to reply in all cases that they had absolutely no need of these offers. The North-Western Trust and Savings Bank has been a member of the Federal Reserve System for a number of years. Both the North-Western and Second North-Western State Bank have been under state supervision since their organization and have been members of the Chicago Clearing-House Association as well. Their resources were of such gilt-edged character and so readily liquid that they were able at a moment's notice to provide cash in quantities so large that every one of the 30,000 depositors could be paid every penny that they might require.

In order to make the situation plain to everyone and immediately to still the malicious rumors that had been started, Mr. Smulski, president of the institutions, issued the following statement:

"I will be on the job personally with my one hundred assistants to wait on you and serve you. What greater assurance can we give or argument use than to say: 'If you fear—please call, your money is waiting for you.'"
—J. F. Smulski.

In support of this statement the directors and officers were fully prepared

for every emergency. Depositors who came into the banks were greeted with a smile and handshake. They found the teller's cages piled high with millions in currency. Everyone who wished to make a withdrawal was permitted to do so without question or hindrance.

As a result of the president's statement and of the fine support accorded to these banks by the community, the situation was almost entirely cleared up within a few hours. Depositors who came to the bank to learn the facts were soon satisfied and went to their homes contented. By 2 o'clock on Friday af-

ternoon, the 24th, the crowds had dispersed, everyone who wished to withdraw funds had received their cash, and all was restored to normal.

All observers of the incidents of the day were astonished at the magnificent way in which the North-Western Banks had met the supreme test to which they were subjected.

Everyone agrees now that this attempted "run" on the North-Western Banks has truly been more of a proof of their strength and absolute safety than any other demonstration that could be devised.



Co-operation In and Out of the Bank*

By J. W. Bradley

Vice-President Old National Bank, Spokane, Wash.

The author of these views on bank coöperation disclaims any originality for them, but feels that they reflect the policies and principles that have made the Old National Bank successful.

THE word "coöperation," like some other good words, has been so overworked in recent times and its meaning so generalized that one needs almost define what he means when he uses it. I wish to use it in the sense of "esprit de corps," which is well defined as "the common devotion of members to an organization," or, in our American parlance, just good team work. The other day I saw a definition by George Frederick, which I think covers it exactly. He says, "The best team work consists of each man's work perfectly fitted to his own ability and limitations, enthusiastically performed with his associates."

No bank can enjoy a large measure of success without this kind of team work throughout the staff. There can be no permanent success where there is jealousy, ill will, lack of confidence or disloyalty between officers of an institution or between officers and employees,

or even in a larger sense, between anybody connected with it from the stockholders and directors through the officers and employees to the customers of the bank. As the business of a bank is founded on confidence which begets loyalty and good will, it is evident that any element of discord in the organization will have its destructive influence. This may seem insignificant at first, but, if tolerated, is likely to grow quickly to dangerous proportions.

I have designated officers and employees, but only to distinguish between the bank executives and the other help, as they are all employees. It is only too often that a fancied line is drawn by some bank officer between himself and his associates in the institution who do not happen to have an official title, but are in reality quite as important in the conduct of the business. Where

* Address delivered at the annual meeting of the Union Securities Company, Spokane, Wash.

there is lack of coöperation in a bank, this is frequently the cause of it. Some officer, too small for his place, but with an inflated idea of his importance because of a title, may be arrogant and over-bearing in his attitude toward the employees under him, although to outward appearances, he may get along well enough with the public.

The bank executive who would succeed in the fullest measure works with his men, not over them. He coaches them in the business and delegates responsibility to them. Some banks are crippled because they have officers who cannot or will not delegate work. Others fail to keep their assistants advised of their arrangements with customers or other matters, so that when they are away from the bank for any cause, such business cannot be taken care of and the customer must suffer the inconvenience of waiting or returning at another time. This is a bad thing for any bank. Some men keep everything in their head and think themselves the more valuable because of the large part of the bank business they, exclusively, know about. This is a serious mistake. If they are suddenly taken sick or called away, the business necessarily suffers until somebody else can with difficulty pick it up.

There is scarcely ever an excuse for a bank officer in any capacity not having an under-study so familiar with his duties that in an emergency they will be taken care of. If he does not have such an under-study, excepting only temporary periods in very small banks, there is something wrong with the executive. The first thing necessary is to be sure that extreme care is used in the selection of employees in order that only those with the qualifications for possible future executives are chosen. It is needless here to mention some of these qualifications, such as upright character, sound integrity, steadiness, prepossessing appearance, the use of good English, penmanship and special aptitude for this character of work and the ambition to succeed in it. With such a man, proper training and encouragement should quickly instill another very necessary requisite, loyalty.

Without loyalty there can be no real coöperation. Loyalty of employee to the institution and to his superiors is no more necessary than loyalty of the bank executive to those under him. The employee must feel that it is an opportunity, a privilege and an education to work in such an organization; that he can rely on always getting a square deal; that he will be treated fairly and justly; that merit will be recognized and that he will be compensated as liberally as the business will permit without his having to concern himself about it. On the other hand, loyalty on the part of the bank executive toward the members of his staff will prompt his personal interest in their welfare. He will see that they have as modern facilities and comfortable working quarters as he can provide. He will take care that they do not regularly have to put in excessively long hours or monotonous grind. He will be cheerful and courteous about the office and ready with a word of praise and encouragement when it is deserved. In such a bank it is easy to see that the proper foundations are laid for effective team work.

Where it is practical, I would suggest an organization chart showing the exact relationships between positions and the functions and responsibilities of each member of the staff. In larger organizations, I think this is extremely valuable in showing each person his part so that he can visualize it and see its importance in relation to the whole. Every encouragement should be given to the development of ideas, and suggestions pertaining to the good of the business should be welcomed from every member of the staff. If an idea is found valuable or a suggestion adopted, recognition should be given. As far as possible, business matters should be talked over, especially between the bank executive and his closer assistants and between department heads and their assistants. It is an old saying that two heads are better than one. In the bank it is beneficial to focus more than one mind on a problem. It helps at least to develop judgment on the part of subordinates. Their opinions should be

given consideration and if wrong they should be told about it and a proper explanation given. This, in my judgment, is one of the best ways to train assistants so that they will be prepared for the responsibility of passing on matters that are delegated to them. Again, I say, the banker should train his men as fast as possible and delegate his work to them. There is no danger of his working himself out of a position if he is the right kind of man. He will have more time for constructive thought and business building activities. If he has handled his men properly, they will be loyal to him and always ready to seek his advice and counsel.

It may be inferred by some that under such a system there would not be discipline, but where there is genuine coöperation there is always discipline. This can be administered in a firm but kindly manner, which is more effective than the old autocratic way. Where we have an organization under good management, loyal, earnest and energetic, we usually find a successful institution. Every member of the staff from president down is alert to serve the customers of the bank well and to secure new and desirable business. Every member, no matter what his position, has his sphere of influence in the community, and if he is a happy contented employee, enthusiastic about his bank and always ready to say a good word for it, the business will grow in the face of any competition. This spirit of coöperation in efficient service and business building should be systematically extended to include the directors and then the stockholders and eventually the customers of the bank. There are various means of cultivating the customer and he is an easy subject to work on. The very fact that he is doing business with the institution indicates that it has his confidence and usually his good will.

This brings us out of the bank and we now have to consider the attitude of the banker toward his community and how he can best coöperate with it. In the first place, the people want to know what kind of a banker he is and they soon find out if he is in the business



J. W. BRADLEY

Vice-president, Old National Bank, Spokane, Wash.

Beginning as messenger in the Old National Bank, March 1, 1908, Mr. Bradley has worked through the various departments, and in 1910 was appointed manager of the collection department. He was made assistant cashier in 1914 and vice-president in 1920. From the organization of the Spokane Chapter of the American Institute of Banking, Mr. Bradley has been much interested in its work. He was president of the Spokane Chapter in 1910, and vice-president of the National organization in 1911.

solely for profit. Unfortunately, there are some so-called bankers with such a distorted conception of the business that they think only of profit and even sometimes resort to unethical methods to accomplish this end, with apparently no sense of their responsibility to render a helpful and constructive service for that which they receive. Such men, although there are only a few of them, do much to discredit the whole profession. The banker cannot pull off any little underhanded deals without the knowledge of it rapidly spreading through the community and undermining the confidence of the people so essential to his success. He should have his business so organized that he can give some at-

tention to public affairs. A reasonable part of his time can well be given to civic activities for the improvement and upbuilding of the community.

In my opinion, a banker can do no better than spend a part of his time outside of the bank meeting his customers and prospective customers, visiting their places of business or their farms, familiarizing himself with their prospects, methods and financial condition. He should do this in a friendly, tactful way, winning their regard and good will at the same time. It would be well for him if he knew how to give practical advice and useful suggestions when occasion offered. Great care must be taken, however, especially by a new man in a community, that he does not give the impression of trying to tell the other man how to run his business. You men know better than I how the average farmer resents being told how to do things. Sometimes it may be necessary, but certainly should be gotten around in a very diplomatic way.

The farmer is usually willing, however, and so are other people, to assume that the banker knows about financial matters. If he has justified their confidence, they are ready to concede to him the business, financial and sometimes even political leadership of the community. Here, it seems to me is his greatest opportunity today for constructive coöperation. The land is again full of monetary and economic theorists preaching unsound and dangerous doctrines. These never seem to want for a following and frequently the more erratic their teaching, the more people are inclined to believe it. I think it was Frank Vanderlip who said "We are a nation of economic illiterates." This is a sad commentary on our educational system, but who can deny that there is not a large measure of truth in it. The situation presents a challenge to the bankers of the country to rise to the occasion and with truth and logic vigorously combat the fallacies of the demagogue.

No banker is worthy of the name today who is not versed in the fundamentals of applied economics, banking

and finance. Practical courses of instruction on these subjects are available to every bank clerk through the efforts of the American Institute of Banking or such courses as the Alexander Hamilton Institute and others. The basic knowledge is to be easily had, together with information on current developments, if we will but apply ourselves to a little reading and study. Every banker should have these subjects well in mind and be able to speak on them. It is a duty he owes to his community. It is expected of him. The people naturally look to him for guidance in such matters and if he does not measure up to their expectations, his influence is waning and he will not attain to the high position that should be his. This form of coöperation outside of the bank is, in my opinion, the need of the hour and I feel confident that the bankers in this organization recognize the responsibility and are ready to meet it.



Apropos—Income Tax

ONE of our vice-presidents was the recipient of a letter the other day, relative to the computation of income tax, extracts from which are as follows:

"Passing on to less pleasant subjects, we come to my (censored) income tax. Heretofore, as you know, it has been our custom to have the income tax blank so infested with lies and misrepresentations that I have never felt sure just where the truth crept in. I make no claim for having reformed in that respect, but I am more lazy than I used to be and, therefore, like to simplify my lies whenever possible. In doing this I not only reduce my own annoyance, but greatly reduce your perplexities over the project. What I am getting at is this: I believe it would be nicer to tell one real good lie, a kind of general, blanket lie to cover the whole situation and then not bother with any minor details or lies at all. Though I have lost thousands of dollars on my farm this year, we won't even put that in.

"The few facts you will need are as follows: I still have the same wife and child for exemption purposes, and am married. My professional earnings, let us say, were \$6,000. Income taxed at source (dividends), \$3,000. From Liberty Bonds, \$500. Other sources, \$500. If you need any more please let me know."—*The Clearing-house Key.*

International Banking and Finance

SPECIAL

The **BANKERS
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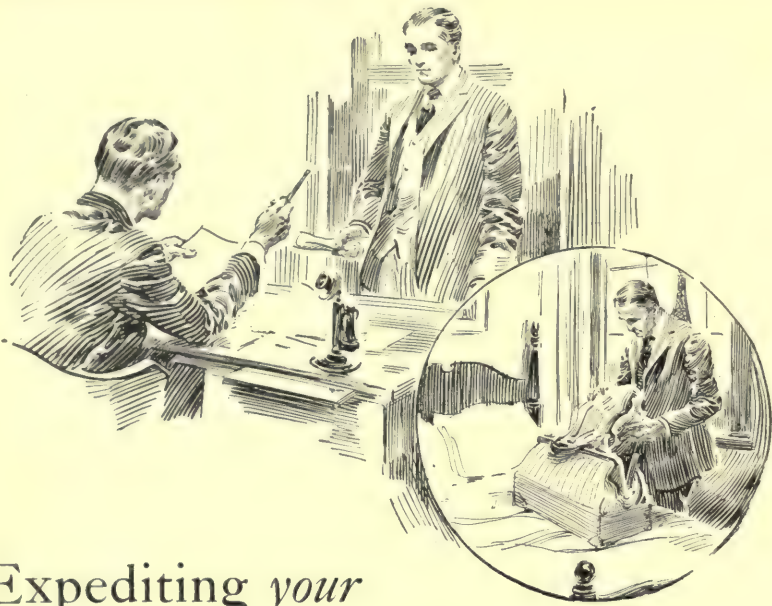
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Gold Loans for Europe?

Must First Take Care of Prerequisites for Restoration of
Normal Conditions, Then Gold Loans by United
States Can be Considered

By Maurice Wertheim

Member of the Firm of Hallgarten & Co.

(The following article is part of an address delivered recently before the Foreign Exchange Club, New York. In this article Mr. Wertheim places his finger very definitely on what seem to him to be the four chief sore spots on the economic body of a sick Europe. For the solution of these ills he offers no cure-all, as they rest in the hands of Europe itself. When these evils have been remedied, he favors the cancellation of the allied war debt due this country as a final step toward stability, and then a gold loan by the United States to those countries requiring it to establish their gold standards. Some of the readers of this article will differ with Mr. Wertheim in his views on certain points, but they can have no quarrel with the soundness of thought involved in his exposition of them.—THE EDITOR.)

WHAT are then the prerequisites for the restoration of normal conditions? As I see it, we must look at fundamentals; we must look at the main diseases from which the sick nations of Europe are suffering: First, their unbalanced budgets; second, their inflated currencies; third, the reparations problem, and, fourth, the problem of inter-allied loans.

I venture to make the statement that exchange rates will never be stabilized no matter what clever panaceas are advanced unless these four illnesses are dealt with manfully.

Everyone agrees that the continued overspending by European Governments results in ridiculous inflation of currencies and hence, in altering from moment to moment the value of the particular currency in terms of our dollar. With the printing presses working overtime, no American exporter can judge the dollar value that he will receive for the goods he ships abroad. The relation, therefore, between unbalanced budgets and broken-down international trade is obvious, because budget deficits demand more paper money to meet them. This probably is elementary and I think that by this time everyone agrees that nothing can be done by America until European countries show a disposition to balance their budgets.

PAPER MONEY MUST BE DEALT WITH FIRST

Assuming this as accomplished, the corollary will naturally be that the countries which follow this sound prin-



MAURICE WERTHEIM

Member of the firm of Hallgarten and Co., New York

ciple will thereupon also deal with their enormous burden of paper money. How they do it, that is to say, whether they repudiate entirely or whether they re-value it at about current levels, is not pertinent. The point is that they will have to establish a unit in fixed relation to gold if they wish to trade steadily with other countries. I think by this time the theory of reverting to the old system of barter has completely broken

down. We must not forget that people will not sell unless they know how they are going to be paid and the value of the consideration which they are to receive.

THE REPARATIONS QUESTION

Coming to the question of reparations. The reason why this is a basic factor in the stabilization of foreign exchange rates is that those countries which expect to receive reparations will never balance their budgets until they know how much or how little they are going to receive in the way of reparations. Likewise, the reparation-paying nations will not know how to readjust their financial structure until they know how much they are going to be assessed in the final analysis. Naturally, this involves an agreement upon such a sum as is possible for the paying nations to deliver without the further printing of huge amounts of paper money.

Right here, we strike some very remarkable misconceptions which I think are today muddling the minds of many, chiefly, it appears to me, because of the cowardice of statesmen. Today most people recognize that the only way that Germany can pay, now that she has used up so much of her gold and of her outside investments, is ultimately through payment in goods. The humorous part of the situation is that even though the nations recognize this, no one wants the goods, fearing the effect on home industries. As one writer has cleverly put it, "The victorious nations are now engaging in the royal game of passing the buck." In the end, as I see it, the inevitable result will be that Germany will be assessed that amount which, in the normal course of events, she would be able to accumulate in the form of outside investments and not a huge contingent sum, because she could not pay it if she would and the Allies would not take it if she could.

One of the most illuminating illustrations of the gradual dawning of this theory upon the world was the recent British coal strike, which everyone now sees was a direct result of cheap German in-

demnity coal. It is because of this that one of our leading American economists in a humorous moment was lately heard to say that "Lloyd George won the 1918 election on the slogan that 'Germany should pay to the last penny' and is seeking reflection on the slogan 'Germany shall not be permitted to pay a damn penny.'"

The stabilization of foreign exchange rates can obviously not be attained until this problem is settled and it is, as I see it, wholly a problem of the education of world opinion. I therefore feel that you men who understand these things carry an unusually heavy responsibility and at the same time have a remarkable opportunity. We shall only bring about world readjustment if we spread this truth, and educate those around us. Our statesmen will never do it because they have blinded their constituents with false promises. They know the truth, but await the pressure of public opinion which can only be made effective by business men who understand the situation.

INTER-ALLIED LOANS

Exactly the same difficulties as in here in the reparation problem are found in the question of inter-allied loans and particularly America's loans to the Allies. Did you ever stop to think that the annual reparation payment, now fixed, without export tax, is two billion gold marks per annum or five hundred million dollars and that the interest on our Government's foreign debts is in the neighborhood of six hundred million dollars per annum. The problem of accepting reparation payments is troubling the most brilliant minds in Europe, but the problem of demanding and accepting interest on our loans is not troubling our Congressmen at all. In fact, we have recently seen that many of them seem to be relying on it to pay the bonus while at the same time they blindly attempt to raise a tariff barrier to keep out foreign goods which, naturally, would be the chief form in which payment by foreign governments could be effected.

CANCELLATION OF THE WAR DEBT

On the subject of the war debt, I am in favor of the cancellation by the United States of our loans to our Allies as the final step in the restoration of the economic stability of Europe, provided the steps previously outlined have been taken by our debtors themselves. I favor this because in my opinion it is, first, good business, and, second, good ethics. It is good business because: If we do not do it, the payments of interest and principal will have to be made in goods and will dislocate our industrial life. It is good ethics because all of these loans were contracted after our entry into the war and the greater part of the proceeds were used for the purchase of war supplies here. If we did not charge for the boys we sent over, why should we charge for the guns we sent over unless we value our guns higher than we value our boys!

Now, I come to what I consider the cap-stone of the arch, because, even though all of the above things were done, I cannot visualize stable exchanges, except after a long period of time, unless the United States makes loans of actual gold.

What do we want to do with all the gold we have? Have we not had in the past few years enough lessons to prove to us the relentless march of inflation which follows abnormal gold supply? However decided we may be that we are going to restrict domestic credits, we shall not do it if our gold supply exceeds our needs; for our laws originate very often on account of the number of votes they bring, and it is difficult to conceive that the pressure of special sectional or class interest will be resisted in the extension of credit. Hence it would be a positive boom to us to get rid of some of our excess of gold.

GOLD LOANS

Assuming that the above prerequisites have been met, that the governments of Europe have balanced their budgets, that they have ceased printing paper money, that the reparation terms have been moderated to within the capacity



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of Germany to pay without resort to the printing press, that, as a final step, the inter-allied debts have been cancelled and that currencies have been revalued at approximately their current purchase price of dollars in foreign exchange value—then, the last step in the restoration of international economic stability is the making of gold loans.

What do I mean by a gold loan? Let us look at the statistics of gold holdings. In 1913 the banks of the United States had about \$700,000,000 of gold and in 1922 about \$3,000,000,000 of gold. In 1913 the United States banks had twenty-two per cent. of the world's supply of gold and in 1922 thirty-seven per cent. of the world's gold. On the other hand, the percentage of the world's gold held by Germany declined from about nine per cent. in 1913 to three per cent. in 1922, that of Italy from nine per cent. to three per cent. and of France



From the Pacific Coast to Central Europe

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from twenty-one per cent. to ten. If one takes the succession states of the late Austro-Hungarian Empire, namely, Czecho-Slovakia, Poland, Jugo-Slovakia, the conditions are far worse. These governments cannot struggle along on the small gold reserves they now hold. What is the obvious inference? The countries that are rich in raw materials, including the United States and those countries which remained neutral in the World War, have increased their gold holdings. The countries with a dense population that were belligerents have decreased their gold holdings. The world demands a redistribution, a reallocation of these reserves. This may be accomplished by means of gold loans.

OUR VAST GOLD RESERVE

We have today in the neighborhood of three billion dollars of gold, which means a currency reserve of over seventy-five per cent. against both the note and deposit liabilities of our Federal Reserve System. This is entirely out of line with the reserves of other countries. Now, what is going to happen to these countries, even after all of the above conditions precedent have been met? Will we not be facing a generation or more of trade war with them due to one cause only, namely: that they will work and scheme and plan to get from us our excess gold by flooding this country with exports which we shall have to pay for by gold shipments. During this process American industry and labor will feel the resulting damaging effect, either of increasing imports or diminishing exports, and the probabilities are that we shall be feeling to our cost this constantly increasing adverse trade balance.

We must take steps to obviate the necessity of foreign countries endeavoring to secure our gold though constantly increasing exports to us.

It may be said that we could buy their securities; that we could make private loans to them, but this would only be a very small part of what it would



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be necessary to do to reestablish the balance. However, as I see it, this fight for gold is absolutely unnecessary. Why should we, with more gold than we can use, stay in the position of being constantly deluged with goods which will weaken our industrial life, when we can easily spare it without feeling it an iota, and by such sparing eliminate the dangers that would follow the above described situation.

GOLD LOANS BY THE UNITED STATES

The proposition, then, which seems to me should form a specific and integral part of any program of readjustment, is loans of gold by the Government of the United States to countries which require it for the establishment of their gold standards. In this manner America will on the one hand do a shrewd



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stroke of business and on the other contribute to the prompt rehabilitation of the impoverished nations of Europe,

and thereby become the leader, as she should become, in the restoration of the economic stability of the world.



Changes in China in Past Twenty Years

Sir Charles Addis Recounts Impression of Recent Visit.
Stresses Importance of Proper Handling of
Far East Problem

CHINA has "infinite possibilities for good or evil, for war or peace, which lie in the proper handling of the Far Eastern problem by the Powers concerned," in the belief of Sir Charles Addis, K. C. M. G., chairman of the Hongkong and Shanghai Banking Corporation, and head of the British group of the Chinese Consortium.

Sir Charles has recently returned from a visit to China after an absence of twenty years since his residence there in charge of the Hongkong and Shanghai Banking Corporation. He gave an illuminating account of some of the many changes which have taken place during the years intervening since he lived there, in an address delivered by him before the Downtown Association, New York, on March 28, as guest of honor at a luncheon given by Thomas W. Lamont, of J. P. Morgan & Co. The address in full follows:

I wish I could recapture for you some of the fleeting impressions which I gained on revisiting scenes in China, where I passed the best years of my life; and which still seem strangely familiar after an absence of nearly twenty years. I can hardly hope to succeed without betraying some of the confusion which still lurks in my own mind. For China is the land of contradictions, a country of which it is scarcely possible to make one general statement without immediately qualifying it by another.

In Peking where we used to plough our way in a springless cart axle-deep in dust or mud, according to the season, a thousand automobiles are running their smooth course. In Shanghai there are over four thousand of them. In Canton, that swarming ant-hill of humanity, narrow alley-ways, where formerly a couple of sedan chairs

could with difficulty pass, have been transformed into spacious boulevards traversed by motor buses with a promise of tramways to come. Last year, I was told, four and twenty miles of new roads had been opened. In the whole city of Peking, when I was a resident, there was only one two-storied building, and now lofty houses and public buildings had sprung up like mushrooms in the night of my absence. I rubbed my eyes. What did it all mean? Clearly when you come to estimate the value of human progress, it is not the material things, but the things unseen which really matter. It is no use digging up new roads unless you are digging up new ideas along with them. If your fine houses, your splendid public buildings are merely that and nothing more, if they are not the symbols of a finer, a fuller private life, a nobler civic virtue, then are they but a sham and an illusion, the baseless fabric of a vision ready to dissolve.

Were there then signs perceptible of mental and spiritual progress to correspond with this material advance? Certainly, schools had multiplied. National schools of Western learning, such as were not dreamed of in my day, had sprung into being, and nothing I saw in China gave me greater pleasure than to observe the contrast of the modern schoolboy at play, the traditional scholar's stoop and solemn splay-footed step discarded, freely indulging in the rough-and-tumble dear to the heart of the universal boy whenever he is left to his own devices. Then there is the wide dissemination of news by an active and virile vernacular press, conducted upon the whole with an ability and a sense of patriotism which need not fear to challenge comparison with the press of other countries.

And what of the people? Well in the ports at any rate and in the great towns, the pigtail has vanished and foreign or semi-foreign dress has become general. A pair of heels no doubt imparts a loftier gait—people no longer shuffle. But there was something more than that—a more alert and independent air, an unmistakable look of intelli-

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gence and self-reliance which seemed to bespeak a nascent sense of race-consciousness, as of a people trying to realize their own nationality.

That was in the Treaty ports. How far had these changes permeated into the interior? Not very deep apparently. When I crossed the Yangste and took my way northward through Honan I found the wearing of the pigtail almost universal; mule-carts and ox-wagons were still ploughing the sands which had once, in time immemorial, been roads; small-footed women were everywhere seen hobbling through the fields, or returning laden from market riding on the primitive wheelbarrow of a thousand years ago; a railway train runs up to the Great Wall, but still the long train of camels from the Mongolian plains file their way into Peking.

Once more it is, I kept reminding myself, the things which are not seen that count. Reform may not have penetrated very deep, but undoubtedly the spirit of reform is at work. Will it go on until it leavens the whole lump, or will China once more demonstrate her uncanny power of resisting change and arresting the march of modern civilization?

It is only what is called Young China that can supply the answer to that question. It will not do to dismiss them as a mere handful of raw half-educated youths. All re-

forms have been the work of a minority. Great is the power of an ideal and Young China is fired by the ideal of an independent China. We may not like the form of government they propose, but whether we like it or not, for good or evil, the future destiny of the country rests with the young. In Young China lies the only hope of Old China. They will blunder, they will make mistakes, of course. The more need have they of Western sympathy and support. They have indeed assumed a heavy responsibility, but they have set before them a noble ideal, and every well-wisher of China will earnestly hope that they may so bear themselves as to prove not unworthy of the task to which they are called.

The Young China party have been encouraged—moderately encouraged—by the decisions of the recent Conference at Washington. I say moderately, because I suppose no one yet emerged from a conference, not even a consortium conference, with all the expectations with which he entered it fulfilled. No doubt its final results must await the verdict of history. But I should judge from the conversations I had with returned delegates in China and Japan, and from the variety of opinions expressed, that it is considered that, upon the whole, honors have been pretty evenly divided. If that is so, then I think the delegates may be congratulated on having achieved the highest result

of which such a conference is capable. I hope I may be allowed to offer my humble tribute of respect and admiration for the American statesmen who, relying on the free and generous impulse of the American people, had the faith and courage, the heart to conceive and the brain to carry out, this high enterprise in the cause of international peace. The Conference has been criticised for the paucity of its tangible results. Well, formal agreements have their uses, but we have learned by experience that it is the letter which killeth and the spirit which maketh alive. It is the spirit evoked, the atmosphere generated, the peace ingeminated by the discussions at Washington, which I believe will stand in times to come the best and most enduring results of that remarkable historic gathering.

Incidentally, the Washington Conference has set the seal of international approval on the policy of the Consortium and the principle on which it is based. Our view has long been that the center of international politics was shifting from the West to the East, and that the solution of the Far Eastern problem was to be sought in the substitution of international coöperation for international competition in Chinese affairs. That view has now been definitely adopted and endorsed by every great Power. It may be questioned if present political conditions in China left them any alternative.

I am returning from China more profoundly impressed than ever before with the infinite possibilities for good or evil, for war or peace, which lie in the proper handling of the Far Eastern problem by the Powers concerned. What is that problem? It is the unification of China by the establishment of a strong and independent central government. Upon that we all agree. What then stands in the way?

Not the people of China. It is to misconceive the situation altogether to regard the present political situation as a sort of civil war between the north and south of China. There is no such geographical division. The people of the south have no quarrel with the people of the north, or any disinclination to unite with them. They would welcome reunion.

It is not the governments who stand in the way. It is true that the governments of north and south have their differences of opinion, the south being perhaps more doctrinaire in their application of the democratic principle to the machinery of government, but these differences lie in degree rather than in kind and could readily be adjusted if the two governments were free, as they say they desire to be, to combine in creating a strong central government.

I may remind you, in general confirmation of what I have been saying, that even now the government of the north is largely recruited from the south. The present premier, Liang Shih Yi, comes from Canton.



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The minister for foreign affairs, Dr. Yen, hails from Shanghai. The minister of communications, Yeh Kung Chao, with whom the Consortium is more immediately concerned, comes from Canton.

Well, then, if it is not the people, or the governments, who is it bars the path to a reunited China?

The answer is that it is the Tu Chuns, and none other. Who are the Tu Chuns? They are the military governors of provinces, who have assumed the roll of the robber barons of the sixteenth century in England. They have gathered around them bodies of mercenary troops. They have defied the authority of the governments, both north and south. They have intercepted the public revenues and oppressed the people by forced levies of taxation or blackmail. Their power is supreme and has reduced the mandates of government, which formerly ran from one end of China to the other, to nullity. In the north the government is powerless to collect any provincial revenue whatever, and is become dependent upon what it receives from the maritime customs and the salt gabelle, both of which are under foreign control.

Tu Chuns are, of course, not all bad. It

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is not for me to appraise the motives of any of them. It is not always those who are actuated by the best motives who are the least powerful for evil. Nor shall I attempt to differentiate between the varying degrees of malignity and turpitude of those whose influence is believed to be wholly inimical to the formation of a central government. If I refer to three of them by name, it is not with the intention of expressing any opinion of their respective merits or demerits, but merely to illustrate the more potent of the disruptive elements at work in China today, the more powerful, either for good or evil, of those in whose hands appears to lie the more immediate destiny of their country. They are Chang Tso Lin in the north; Wu Pei Fu in Mid-China, and Chen Chiung Min and Sun Yat Sen in the south. These are the men, the three military satraps, who are paralyzing all attempts to reconstruct a central government. They represent no one but themselves. They are fighting, like Wayland Smith, for their own hand. They have attracted around them a body of mercenaries, who flock to one standard as readily as to another if the pay is better. It is not a national movement. The forces engaged are not the forces of China. They are the followers of Chang and Wu and Sun. They are fighting—not in their country's cause—but for the personal aggrandizement of their leaders.

Separation is no new thing in China. In many periods of her long history, notably during the T'ang Dynasty, at the end of the ninth and beginning of the tenth centuries, China has been divided into separate kingdoms, but invariably the integrating forces have reasserted themselves and I have no doubt will do so again. It is becoming increasingly difficult for the rebel leaders to maintain their forces in the field, and the growing severity of the military exactions, to which they have recourse, are oppressing the people and making them restive. The Chinese have frequently demonstrated their power of combination in resisting the levy of illegal taxation. It is to the growth of this public spirit, this crystallization of one

province with another in resisting these military exactions, in establishing a fiscal boycott of the Tu Chuns, coupled with a weakening of the rebels' power by a war of attrition among themselves, that I am disposed to look for a solution of the problem of reconstruction.

The process may be slow and tedious, and I can understand the impatience of those who would like to accelerate it by placing China under the tutelage of the foreign Powers. I can understand that policy, but I am convinced it is a chimera. In the last resort, foreign intervention implies the sanction of force, and the employment of international force in order to coerce China is not a practical policy. China must work out her own salvation. All we can do is to stand by and, in the words of the Washington Conference Resolution, provide China with the freest and most unembarrassed opportunity of developing and maintaining for herself an effective central government.

I am conscious as I speak of the difficulty of depicting with any degree of accuracy the underlying realities of an unstable situation in which, however, there will be found many compensating balances. It is an exaggeration to say there is no government in China. The political changes of which the newspaper correspondents make so much are merely cabinet changes. Whether it is Liang or Yen that is in or out today or tomorrow makes little difference to the government, which continues to function through the various departments very much as before. Such is the instinct for law and order the capacity for self-government of this extraordinary people, that 1920, the last year for which figures are available, marked a new record in their foreign trade. Last year's customs revenue was larger than ever before. In spite of the depredations of the Tu Chuns, there was a surplus on the salt revenue, after paying all the foreign charges secured on it of \$51,000,000; railways showed an estimated free surplus of \$24,000,000. Default, I hope only a temporary default, there has been, owing to the *force majeure* of the Tu Chuns, in the case of one or two

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foreign debts, but the word "repudiation" has never been mentioned in China. We have no anxiety about any of our secured loans and I repeat what I said here eighteen months ago, that there is no better foreign bond on the market today than the bond of China.

In the face of all these contradictory compensatory factors what policy ought the Consortium to pursue? Clearly we cannot take sides in this matter, or support one political party against the other, until we are assured that they are in the way of composing their differences and have the will to unite. I do not think the same objection would lie against a comprehensive funding loan for the conversion of the floating debt, since that would enure to the benefit of all parties, but with that exception the Consortium is for the present at any rate debarred from undertaking government loans for administrative purposes in China.

Loans for constructive purposes are in a different category. Railways are for the benefit of all and in the interest of a United China, it is highly desirable that the uncompleted contracts into which we have entered should be fulfilled as soon as possible. I know of no step more likely to be effective in bringing the governments of the north and south together than the linking up of the Canton-Hankow and Peking-Hankow railways.

Indeed, I will go further, and say that it seems to me unreasonable to hold up the development of communications in China while the government is engaged, it may be for a generation, in evolving a new political system. In my judgment the time has come for the Consortium to consider the practicability of negotiating independently with an autonomous or group of autonomous provinces, for the construction of specific railway undertakings within their respective borders. It has been suggested that the diplomatic recognition of a *de jure* government in the north need not necessarily exclude the recognition of a *de facto* government in the south on the assumption that the recognition would be given only for good

cause and on conditions, such as acceptance of China's foreign liabilities, an undertaking to maintain intact the national revenue and to bear a proportionate share of the service of foreign loans. It is argued that joint recognition of this kind might act as an incentive to draw the two governments closer together.

This may sound a tame, even a timorous, policy. It certainly demands patience from its votaries, but I confess I am jealous for the reputation of the Consortium, and fearful of any premature or unconsidered step which might prejudice its usefulness in the future, as an instrument for the preservation of international amity and peace.

Meanwhile, do not let us underrate what has already been accomplished. We have been challenged for failing to obtain the recognition of the Chinese government. Well, if that is a failure it is easily rectified. You can obtain recognition tomorrow from either the north or the south by the simple expedient of waiving the conditions which you have stated must be satisfied before a loan is contemplated. Is there anyone who knows anything about the subject who will seriously advocate such a change in our policy? I declare there is not a government in China today whose recognition would be of value to you, not one whose signature to a loan agreement you could accept with any reliance upon its ability—and in saying so I am not impugning either its sincerity or its good-will—to fulfill the conditions to which it subscribed. We must wait.

Consider what the Consortium has done, is doing, for the people of China. It has succeeded in establishing an effective check upon the senseless and corrupt government expenditure which was rapidly plunging the country into bankruptcy. I believe I am justified in saying that the profligate borrowings of foreign moneys, which were menacing the integrity of China by a system of insidious financial penetration, has practically ceased since the formation of the new Consortium.

Furthermore, acting on the principle that Heaven helps those who help themselves,

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the Consortium has encouraged and developed the formation of a syndicate of native bankers for the purpose of coöperating in the issue of internal silver loans. Apart from its economic justification, in encouraging thrift and utilizing the national savings for national purposes before seeking assistance from abroad, I attach the greatest importance to this movement as a means of giving men with a stake in the country an interest in good government and a strong incentive to work for its rehabilitation. It is the bane of Chinese politics, an inheritance from the old regime, that they have been left too much in the hands of the literati. Until we can get the business men, the men with a stake in the country, to join hands with the educated classes, we shall never secure the formation of that sane and sound public opinion, upon which, in the last resort, governments must depend for their power and foreigners for their security.

So much for China. What has the Consortium done for Europe and America?

There is no more urgent task, none more fraught with consequence of good evil for the peace of the world, I might even say for the future of civilization, as we understand it, than to discover and disclose the essential unity underlying the diversity of national interests, and to unite them in a common

aim, a common policy for the Far East. I claim that in this, its primary and most important objective, the Consortium has achieved complete success. The Consortium has its drawbacks. I know that. But consider the alternative. Drop the Consortium and tomorrow you will be thrown back upon the policy of "spheres of interest." That is no arbitrary personal opinion. It is in the nature of things. Reverse the process by which coöperation has been substituted for competition and the creditor nations will be forced in self defense to safeguard the area of their securities. There is nothing except the Consortium which stands between China and the resumption of "spheres of interests" and no one who recalls the international rivalries and jealousies which marked the period, known as the Battle of Concessions, with all its aftermath of territorial aggression and international wrongdoing, will consider almost any sacrifice too great to avert the renewal of such a calamity to China, such a menace to the peace of the world. The Consortium has justified itself and will continue to justify itself so long as we stand firm and stand together. Never were its claims to your consideration and support more insistent, more clamant, than they are today.

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Great Britain

THE ECONOMIC SITUATION

The decline in wholesale prices was much less marked in February, the average level for that month being only 1 per cent. below that for January, says the March letter of the London County Westminster & Parrs Bank, Limited. The present indications are that the steady fall has momentarily ceased, but it by no means follows that the next movement will be an upward one.

Raw materials still continued to decline in price. The most noticeable decreases were recorded in the case of non-ferrous metal quotations, although during March there has been a slight recovery. The fact that the general decline has largely been arrested must be ascribed to a temporary reaction in quotations for many foodstuffs, the chief advances being in wheat, flour, maize, mutton and cheese. Heavy declines, however, took place in fish and eggs—both being commodities which are subject to sudden changes—while Argentine beef became much cheaper.

The general trend of food prices has been somewhat obscured by these diverse movements, and, while four out of the five wholesale index numbers registered a small increase in food, one, the *Times*, showed a decrease of 1.8 per cent. Moreover, although a slight advance in retail food prices would not have been a surprise, the cost-of-living figure for March was two points below that for February, while the ministry of

labor's food index number fell by nearly 1 per cent.

THE GEDDES REPORT

The principal financial event of the last month was the publication of the report of the Geddes, says the March letter of Barclay's Bank Ltd., London. The report was issued in three sections, the third containing the following summary of the reductions recommended:

First interim report:

Navy	£21,000,000
Army	20,000,000
Air force	5,500,000
Education	18,000,000
Health	2,500,000
War pensions	3,300,000
	£70,300,000

Adjustment on first report 1,171,875

Second interim report:

Trade group	£538,000
Export credit	500,000
Agricultural group	855,000
Police and prisons	1,595,000
General	102,000
	£3,590,000

Third report:

Colonial group	£2,285,500
Legal group	94,500
Revenue departments	2,509,200
Houses of Parliament and certain civil departments	935,000
Works and public buildings group	895,800
Art and science group	42,900
Foreign office, etc.	304,300
Stationery office and registrar-general	584,300
Miscellaneous group	1,130,800
	£8,782,300

Further review of estimates for war pensions 3,000,000

Grand total £86,844,175

The sum to be aimed at as a reduction in the year 1922-23 was £175,000,000, of which £75,000,000 had already been indicated by the departments, and the task of the committee was to recommend retrenchments to the extent of the difference, *i. e.*, £100,000,000. The above summary, however, only covers £86,844,175, leaving a balance of £13,155,825 to be found. With a view to providing this the committee invite attention to the possibility of a further reduction in naval expenditure, as a result of the Washington Conference; in military expenditure, upon a review of the foreign garrisons abroad; and in naval expenditure under the heading of oil stocks and oil storage. Under these three headings, the committee are confident the sum necessary to complete the total of £100,000,000 can be found.

CREDITS FOR INDUSTRY

A progress report has been issued by the advisory committee appointed to advise the government under the trade facilities act, says the March monthly letter of Lloyds Bank Ltd., London. It may be recalled that the act embodies the most important of the government's constructive proposals for alleviating the worst period of unemployment that the country has experienced for probably a hundred years. Under its provisions the treasury is empowered to guarantee the principal and/or interest of loans up to a total of £25,000,000, the proceeds of which are to be spent in such a manner as to promote employment in the United Kingdom. The committee reports that it has examined over 500 proposals. It has acted on the principle that the object of the act is to give a government guarantee to sound undertakings possessing reasonable security which wish to proceed with capital works but are unable to do so owing to the difficulty of raising the necessary money, and it has made it its aim in every case to obtain a good commercial security. The following shows the progress made:



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Amount for which guarantees have been passed	£2,100,000
Amount of applications as regards which the committee is prepared to recommend a guarantee after having examined the propositions with great care; but in respect of which there are technical, Parliamentary, or other difficulties which the applicants have not in every case surmounted	14,000,000
Other serious applications as to which the committee has stated generally the terms on which it could be prepared to recommend a guarantee	10,000,000
Further serious propositions still under discussion (chiefly foreign government loans)	7,500,000

The serious propositions before the committee cover work to be carried out in the United Kingdom, Ireland, India, four continental European countries, and Africa. If the work is carried out outside the United Kingdom, the amount guaranteed will be determined by the

sum which is to be expended on labor and materials in this country.

France

TRADE AND FINANCE

Financial adjustments are still in the foreground in France, according to cable advices to the Department of Commerce at Washington. The 1922 special budget, known as "Expenses Recoverable from Germany," has passed the Chamber of Deputies, showing total approved expenditures of 10,600,000,000 francs, a reduction of 10,100,000,000 from the same section in the 1920 budget, and 4,700,000,000 from that of 1921. While hypothetical receipts are enumerated, including cash reparations payments and the proceeds from negotiations of German reparations bonds, actual returns from these sources are very doubtful, and the major portion of the amount will have to be raised by increasing the floating debt or possibly a later consolidation loan. In addition to the budget, the Credit National is to furnish 8,000,000,000 francs, and group loans of war damage sufferers 4,000,000,000 francs. There is no early prospect of the termination of loans previously floated or guaranteed by the government, and this factor will continue to make difficult the raising of capital for industrial enterprises.

The yield of indirect taxes and revenues for February has just been published and shows the decidedly unfavorable total of approximately, 1,000,000,000 francs. This represents a deficit of 241,000,000 francs, or 19 per cent. below estimates as compared with previous deficits of 99,000,000 in January and 39,000,000 in December.

BANK OF FRANCE REDUCES RATE

On March 11 the Bank of France lowered its interest rate to 5 per cent., the previous rate of $5\frac{1}{2}$ per cent. having been in effect since July 28, 1921. The total note circulation of the bank on March 9 was 36,205,852,000 francs, as compared with 36,704,223,000 a month previous. Absorption of com-

mercial paper is largely responsible for the reduction. Advances of the bank to the government were 21,900,000,000 francs on March 9, as compared with 26,100,000,000 a year ago.

From a quotation of \$0.0835 on February 1, the franc improved steadily to \$0.0921 on March 1. Since the latter date, there has been a slight easing off to \$0.0893. The strength of the franc is considered to be mainly due to the small volume of transactions; the effect of the transfer of the proceeds of the Department of the Seine loan from New York and London to Paris; French railroad borrowings in London, and the expectation of a heavy tourist movement.

PRICES MOVE DOWNWARD

The Paris retail price index, based on the average 1914 prices of thirteen foodstuffs commodities, has dropped from 319 in January to 307 for February. On February 1, the average condition of French crops, including winter wheat, meslin, rye, winter barley, winter oats, stood at 63 per cent., or "fairly goods," as compared with 61 per cent. on January 1 and 73 per cent. a year ago. The area of wheat sown on January 1, 1922, was 112,540 hectares less than in 1921; oats, 45,070 less, and rye practically the same as in 1921.

At an extraordinary stockholders' meeting of the Compagnie Generale Transatlantique held March 4, a capital increase from 81,000,000 to 200,000,000 francs was voted.

Railroad traffic is slightly reduced. The number of freight cars loaded daily amount to approximately 45,000, including Alsace-Lorraine. Important rate reductions are expected on sugar beets, lumber and certain agricultural and metallurgical products.

Italy

FINANCIAL CONDITIONS

The financial crisis has been limited to the Banca di Sconto, but money is scarce and other banks are strictly limiting their credits, says a cable to the

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Department of Commerce at Washington. At the present time the banks are holding their own, but the burden of financing the important group of industries which was formerly accommodated by the Banca di Sconto has been shifted to their shoulders. The industries that are sound will be taken care of. There is an exceptionally active demand for the short-term treasury notes which continue to absorb heavy private investments, and naturally limit the capital available for industries. Interest on these notes has been reduced by one-half per cent. and now stands at $5\frac{1}{4}$ per cent. for six to eight months' notes and $7\frac{1}{2}$ per cent. for nine to twelve months' notes.

New capital for investment in industrial undertakings is decidedly limited, and even the soundest enterprises are obliged to get along with the accommodation that is strictly necessary. The banks are under exceptionally heavy pressure at a time when their resources are already to a large extent tied up in

loans which cannot be liquidated except very gradually.

In spite of increased revenues the state is still faced with a heavy deficit which is being met by increasing the floating debt, which is now estimated at 30,000,000 lire. While progress has been made, it has been necessarily slow, owing to the general economic situation which prevents the realization of a more radical program of taxation, and to the unsatisfactory political situation, which prevents the carrying out of any radical program of effecting economies. Textile industries continue fairly active, though somewhat handicapped by shortage of electric power, which has limited production. The crop outlook is slightly more favorable owing to heavy rains and snows in the northern provinces. Stocks in all lines are reduced to the minimum, and an increased demand will consequently cause an immediate improvement in prices. Purchases of raw material are being made only to meet present requirements.



Bielefeld office of the Disconto-Gesellschaft, Berlin

Germany

FINANCE AND COMMERCE

The course of development of German economic life since the commencement of the year, says a recent letter of the Disconto-Gesellschaft, Berlin, once again proves that, to a very large extent, conditions here are still governed by the reparation problem. The letter continues:

The negative result of the conference at Cannes which, although conceding minor points, kept aloof from the main issue, has left matters in a state of suspense. The question whether, during this year, 2000 or only 500 millions of gold marks are to be raised on account of reparation payments, does not only affect the German budget, but is of vital importance to the economic situation of the country on the whole. The feeling of uncertainty has been intensified by the postponement of the Genoa Conference. The idea of calling such a conference was all the more congenial to Germany, as she would very specially benefit by any measures which might be devised, in order to mitigate, as far as possible, the world-wide commercial crisis.

It must, of course, be conceded that, as the low value of the mark promotes our exports, the majority of German industries are still fairly busy. But what we would

again impress upon people abroad, as it does not appear to be sufficiently appreciated, is that, in spite of this favorable symptom, Germany suffers very severely by the general shrinkage in the international exchange of goods and the restricted purchasing power of so many countries.

EXPORT FIGURES

In spite of great exertions, we only managed to export last year goods to the value of $3\frac{1}{2}$ to 4 milliards of gold marks (against 10 milliards in the year 1913), while, on the other hand, the imports of the necessary raw materials and foodstuffs amounted to some 5 milliards of gold marks. According to the English trade returns, the German export to England is, relatively to weight and as far as the majority of goods are concerned, still much below 50 per cent. of the turnover of the year 1913. The German exports of all classes of goods in 1913 totalled fully 6 millions of tons a month, while, in the last months of 1921, they hardly reached 2 millions of tons. These figures should, once for all, dispose of the fiction that German trade has recovered its former supremacy in the markets of the world and that the increasing number of unemployed in other industrial countries must needs be ascribed to renewed German competition. The truth lies in just the opposite direction, for, as a matter of fact, Germany suffers, equally with other countries, by the general commercial depression which makes it quite impossible to her to set up a properly balanced trade budget. It is for these reasons that Germany at-

taches so much importance to a successful issue of the Genoa Conference. But, as we are firmly convinced that the confusion which has overcome all, and especially the European markets, may be directly traced to the anomalies of the Versailles Treaty, we do not anticipate any tangible result from the deliberations of the Conference, unless the agenda includes a full and detailed discussion of the circumstances, which arose as an immediate sequel to the stipulations of the peace treaty. Besides, and a study of the figures of the foreign trade returns of England and America will prove the correctness of our assertion, the commercial crisis which has spread all over the world has now reached a phase beyond which a further postponement of the solution would be fatal.

Holland

THE ECONOMIC SITUATION

The economic position of The Netherlands seems much the same, says Trade Commissioner Adams, at The Hague, in a cable to the Department of Commerce at Washington, as during January and February. Government finances are in good condition, with a slight deflation of currency, a high percentage of reserve, and a movement toward funding the somewhat high floating debt. Industry still suffers from German competition and the effect of the relatively high value of the Dutch guilder. Trade figures indicate that the adverse balance is gradually becoming less marked.

Imports into The Netherlands for the month of January amounted to 153,000,000 guilders, whereas during January of last year imports were valued at 222,000,000. All items of imports show a decrease over the previous year except dyes, chemicals, textiles and glass. The exports during January, 1922, reached 86,000,000 guilders in value, as compared with 116,000,000 the year before. There has been a noticeable decrease over the former figures in all exports except vegetable products, dyes and chemicals. The balance of trade against The Netherlands, as shown by the January, 1922, figures, continues to be of considerable proportion (67,000,000 guilders), but it is nevertheless not so adverse as the January, 1921, month-



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ly balance, and shows a continuation of the general tendency toward a less adverse balance noted throughout 1921.

Winter wheat has suffered from severe frosts, and the rye fields show many bare spots. Dutch farmers are undecided whether to sow sugar beets or flax; low prices discourage the one course almost as much as the other. A delegation of Dutch potato dealers has gone to Poland to purchase potato stocks for shipment to Holland, on account of the fact that Polish potato prices are considerably lower than Dutch.

DUTCH EAST INDIES BOND ISSUE

The Guaranty Company of New York, as head of a syndicate, has closed negotiations for the purchase of a new issue of \$40,000,000 Dutch East Indies forty-year external sinking fund 6 per cent. gold bonds, which are being of-

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ferred today at 94¾ and interest. The bonds will yield about 6.73 per cent. to the earliest redemption date, March 1, 1932, or more than 6.35 per cent. if held to maturity. They are to be dated March 1, 1922, and to mature March 1, 1962. The issue is authorized by the law of December 30, 1921, passed by The Netherlands Parliament and approved by the crown.

The offering syndicate, headed by the Guaranty Company of New York, includes Harris, Forbes & Company; Lee, Higginson & Company; the Chase Securities Company; Bankers Trust Company; Kidder, Peabody & Company, and the Union Trust Company of Pittsburgh.

The bonds are to be direct external obligations of the Government of the Dutch East Indies and will not be redeemable during the first ten years, but thereafter will be redeemable at the option of the government, as a whole or in part, at par and accrued interest. Interest is payable March 1 and Sep-

tember 1, and principal and interest are payable in United States gold coin of the present standard of weight and fineness, or its equivalent, at the main office of the Guaranty Trust Company of New York, without deduction for any taxes, present or future, of The Netherlands or the Dutch East Indies.

DUTCH EAST INDIAN TRADE

Regarding the growth of foreign trade in the Dutch East Indies, and the importance which this growth has assumed, the *Foreign Trade Review* of the National Shawmut Bank, Boston, says:

Importations to the Dutch East Indies, expressed in American dollars, were, in 1898, \$69,000,000; in 1911, \$160,000,000; in 1917, \$200,000,000, and in 1920, \$471,000,000; an increase of more than 500 per cent. in twenty-two years. In 1898 the Islands exported to the value of \$82,000,000; in 1911, \$209,000,000; in 1917, \$317,000,000, and in 1920, \$801,000,000; an increase of nearly 1000 per cent. in twenty-two years.

The share of the United States in this trade was relatively small. In 1920 we imported \$167,415,935 worth of these goods,

and exported only \$59,018,192; or about 20 per cent. of the exports and only 12 per cent. of the imports. The fact that the United States in that year accounted for 25 per cent. of the entire world's trade shows conclusively that we have not made the most of the lucrative field presented by the Netherlands East Indies.

CHIEF PRODUCTS

The most important product grown in the Dutch East Indies is sugar, and the amount produced is increasing rapidly. In 1910 nearly 2.8 billion English pounds were produced, and in 1920 the total production reached 3.5 billion pounds. Conservative estimates for 1921 show a further increase of 7½ per cent. over 1920. Java as a cane producing country ranks second only to Cuba. Nearly a hundred million pounds of coffee and the same amount of tea were exported in 1920; 125,000 tons of tobacco; 42,000 pounds of indigo; 150,000 tons of copra; 10 million pounds of cinchona bark; nearly a million pounds of sulphate of quinine; 60,000 tons of rubber; 15,000 tons of tin; 166 million pounds of tapioca products; 2000 tons of cassia; 30,000 tons of pepper, and 11 million plaited hats were exported the same year. Other products of importance that may well be mentioned are rice, which is entirely consumed by the natives; kapok, a fibrous substance used in the manufacture of mattresses and pillows, but lately used in life preservers, as it has a buoyancy twice that of cotton and eight times that of cork; Indian corn; peanuts; essential oils; and coconuts.

IMPORT OF MANUFACTURED GOODS

As in most tropical countries, the lack of extensive manufacturing development causes the Dutch East Indies to be a large importer of manufactured goods. The most important item brought in is cotton goods. In fact, the Island of Java is reported to be the third largest importer of cotton goods in the world. Formerly the supply came almost entirely from Holland and England, but since the war this trade has been shared by Japan and the United States. Among other important items are: Machinery; agricultural implements; automobiles, and steam engines, of which the United States supplies a fair share. Another large import item is rice. While this is produced in quantity by the natives, the domestic supply is not enough, and it is brought to the Islands from the neighboring states of British India, Indo-China and Siam. Among other required articles of lesser importance are fertilizer; jute bags for sugar; matches; cement; glassware; dyes; lamps; soap, and many miscellaneous manufactures.

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VAST AREAS AWAIT EXPLOITATION

The figures show how enormously the foreign trade of the Netherlands East Indies is increasing every year, and indicate how rapidly those fertile lands are being exploited. Furthermore, vast tracts of undeveloped land of great latent value await the coming of capital for their exploitation. Unlike the tropics of our own Americas, where political discord has retarded development, the Dutch East Indies presents to the foreigner a stable, efficient government and an ever advancing civilization. In this connection the pending treaties which aim to avoid armed conflicts in the Pacific are important as a further guarantee to the investor of capital in the Dutch East Indies. The attitude of the mother country is another insurance against political discord. Instead of oppression of the natives and a monopolistic attitude, the exact opposite is the case. Foreign capital is encouraged in every way, and every facility is provided for the promotion of industries, and for the education of the native population mentally and physically.

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Austria

FINANCIAL AND TRADE CONDITIONS

A period of suspense and apprehension in Austrian business circles resulting in lessened industrial activity is reported in a cable to the Department of Commerce at Washington. This situation may be relieved by the fact that the foreign credits previously promised by England, France, Italy and Czechoslovakia were officially confirmed on March 3. Four million pounds of credit are at the disposition of the Austrian Government and will be used for regulating the foreign currency market. As a means thereto the government contemplates selling foreign securities for Austrian notes and making short term loans on securities of value, also discounting bills of exchange payable in sound money for not more than sixty days. Credit from Czechoslovakia amounts to 500,000,000 Czechoslovak crowns, and is to be used chiefly for the discharge of previous obligations of the Austrian Government for coal, sugar and transportation. Although these credits are only a temporary relief of Austrian finance they have revived the hope that sooner or later there will be a restoration of Austria with foreign help.

COAL SUPPLIES INCREASE

The coal situation is somewhat improved. Austrian state railways have a supply for 35 days, the southern rail-

ways for 30 days and the electric works for 25 days. The deliveries of Ruhr coke to the Alpine Montan Company were resumed on February 22. However, the situation is still serious. On February 8, the Vienna University was compelled to suspend lectures and classes because of lack of coal for heating purposes.

Unemployed in Vienna are officially reported on February 25 as 34,000. It is estimated that there are 45,000 unemployed in Austria. The Volkswirt index of the cost of living stood on March 1 at 1673. Austrian industries are facing a serious crisis, since German manufacturers with lower wages and production costs are beginning to underbid by 30 per cent. in the machine tools industry, 25 per cent. in the aluminum industry and also in motor tools, automobiles, cast iron and leather. However, the Austrians claim that they are producing better quality goods. At the present rate of exchange, it is possible to import some American articles, for example, shoes priced at from \$3 to \$4.

TRADE DECLINING

Since the first week of February the movements of merchandise have been stagnant, notwithstanding price reduction. Purchasers are expecting further reductions and are holding off. Austrian exports have fallen off, particularly on account of German and Czech competition and because of the economic crisis in Jugo Slavia. Only exports to Rumania have been fully maintained.

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**Collections. Commercial Credits. Travellers Letters
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Of western European countries England was the best customer in February, chiefly buying paper, pasteboard, fancy goods and metal articles. The opening of the Vienna Sample Fair on March 19 inspires the hope of improved business activity. Consul Foster reports that the declared exports to the United States during February amounted to \$378,000, including furs, \$55,000; aluminum, \$41,000; art works, \$30,000, and returned American goods, chiefly leather, \$125,000.

Railway passenger rates were increased by 300 per cent. on February 1, freight rates by 150 per cent.

Belgium

FINANCE AND TRADE

The Belgian budget for the current year shows total expenditures of 7,459,-824,800 francs; receipts, 6,317,673,869 francs, with a resulting deficit of 1,142,-150,931 francs, according to a cable to the Department of Commerce at Wash-

ington. Although at first glance this deficit appears very favorable as compared with that of 4,581,689,085 francs in 1921, the decrease is chiefly due to an enlarged estimate of cash reparations receipts due on Belgian priority for the coming year. These are placed at 2,500,870,000 francs as compared with 296,752,000 francs last year.

The situation of the Banque Nationale shows no important change from a month ago. Note circulation fluctuated between 6,259,131,000 francs on February 23, and 6,320,342,000 on March 2, the increase being mainly explained by the movement of treasury accounts and private accounts current. Metallic reserves decreased slightly from 307,001,-000 francs on February 23, to 306,919,-000 francs on March 9, the metallic cover over combined deposits and note circulation on the latter date being maintained at 4.8 per cent. From a New York quotation of \$0.083 on February 17, Belgian exchange moved upward to \$0.0873 on February 27, then gradu-

ally dropped back and stood at \$0.0841 on March 17.

The Belgian industrial situation during the past month has been marked by decreased orders, falling prices, wage reductions and increased fuel stocks. The metallurgical and window-glass industries are the most seriously affected.

WHOLESALE PRICES

Wholesale price indices of January 1, as published by the ministry of industry and labor, show only slight changes from previous compilations. Chemical fertilizers increased 2 per cent. since December 1; textile products 4 per cent., and crude rubber 4 per cent., these being offset by declines of 10 per cent. on resins; 4 per cent. on tar and derivatives; 3 per cent. on food products; 2 per cent. on chemicals, and 3 per cent. on fats, while glass and ceramics, structural materials, native leaf tobacco, mineral oils and metal products were stationary. Prices of imported staples show advances on corn, oats, forage, American flour, linseed oil and cake, oleaginous grains and lard; while crude rubber, resins, coffee, turpentine, rice and mineral oils are generally lower. Owing to unusually active purchases of southern pine during January and February stocks at Antwerp are now reported to be practically double those customary at this season, with the result that the market is restricted and buyers are waiting for further drop in prices.

Czecho-Slovakia

LOAN ARRANGED

A simultaneous offering of \$50,000,000 8 per cent. bonds of the Czechoslovak Republic was made recently in New York, where \$14,000,000 of the bonds are offered; in London, where the block is £2,800,000, and in Amsterdam, where the total offered will be £500,000.

Kuhn, Loeb & Co., Kidder, Peabody & Co. and the National City Company offer the bonds in New York. They are secured external sinking fund gold bonds, due April 1, 1951, and are to be

sold at 96½ and accrued interest to delivery, to yield 8.30 per cent. to maturity. The bonds are being offered in London by Messrs. Baring Brothers & Co., Ltd., N. M. Rothschild & Sons and J. Henry Schroeder & Co., and in Amsterdam by Messrs. Hope & Co.

A statement issued concerning the bonds of the new republic, the first of the mid-Europeans to re-finance in the United States since the war, said in part:

"The bonds are secured by a first specific charge on receipt from the customs duties and on the net profits of the tobacco monopoly, which together for 1922 are estimated to yield kronen 1,246,000,000, which at the present rate of exchange of about 1¾ cents, is equivalent to \$21,812,000. Charges for interest and sinking fund, when the entire authorized amount of \$50,000,000 bonds shall have been issued, will amount to only \$4,500,000 per annum.

"The bonds are to be redeemable by means of a cumulative sinking fund of 1 per cent. per annum, to be applied semi-annually to the purchase of bonds under par or to drawings at par should the bonds be unobtainable under par, the first redemption by lot taking place October 1, 1923. Except for the sinking fund, the bonds are not subject to redemption before May 1, 1932, at 108 per cent. and accrued interest.

"The debt of the republic consists of internal funded and floating loans, advances by the Allies (including \$91,279,529 advanced by the United States), the part of the pre-war debt of Austria-Hungary to be assumed under the Treaties of St. Germain and Trianon—not yet definitely fixed by the Reparation Commission—and a contribution to the war costs of the Allies, also provided for by the above Treaties. The total debt, figured at approximately the present rate of exchange of 1¾ cents, and including the present issue in London, New York and Amsterdam, will not exceed \$53 per capita.

"Czechoslovakia has kept itself entirely free from continued paper money inflation. This is evidenced by the figures in regard to the total amount of

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bank notes outstanding, which aggregated 11,288,000,000 kronen on January 1, 1921, while the latest return received by mail shows notes outstanding amounting to 10,744,000,000 kronen, or, at the above rate of exchange, only \$14 per capita. On the other hand, the banking department held gold, silver and foreign balances to the aggregate of 980,000,000 kronen. The republic has a favorable trade balance for the calendar years 1920 and 1921."

Poland

THE FINANCIAL SITUATION

An article on the account of the nation's fiscal condition, as given out by Finance Minister Michalski, is contained in a recent issue of *Poland*, the monthly organ of the American Polish Chamber of Commerce. The article reads as follows:

A detailed account of the nation's fiscal condition was presented to the committee on finance and budget of the Polish Parlia-

ment by Minister of Finance Michalski, on January 12. The marked reduction in the amount of new currency being printed each month, and the adoption of economy measures which will result in the saving of many billions of marks annually through the elimination of non-essential government departments, were two favorable developments reported by the minister.

He stated that the printing of new currency notes had been reduced from a high record of slightly over 20,000,000,000 in October to 7,000,000,000 in December. He gave the following figures on the notes issues of the Polish State Loan Bank for the last six months of 1921: July, 10,000,000,000 marks; August, 17,375,000,000; September, 20,000,000,000; October, 20,500,000,000; November, 15,500,000,000; December, 7,000,000,000.

DETAILS OF METAL RESERVE

On December 31, 1921, according to Minister Michalski, there were outstanding 229,000,000,000 marks (approximately \$80,000,000). Against these issues he cited the following assets in the possession of the State Loan Bank:

1. Gold coins worth 24,920,974

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marks par value (\$5.931,000). At the present rate of exchange these coins are worth in excess of 60,000,000,000 marks.

2. Silver coins worth 42,500,000 marks par value. At present exchange these coins are worth over 10,000,000,000 paper marks.

3. Bullion worth more than 15,000,000,000 paper marks.

4. Foreign currency worth nearly 5,000,000,000 paper marks.

5. Accounts due to the extent of nearly 14,000,000,000 marks.

On deposit with the State Loan Bank, or owned by it, are the following additional assets:

1. Gold rubles recently paid by the Soviet Government in partial fulfillment of the terms of the Treaty of Riga, to the extent of 5,000,000 gold rubles or over 10,000,000 gold marks.

2. Foreign securities of the Soviet Government, par value nearly 4,000,000 rubles.

3. Large quantities of precious metal and art objects not yet appraised.

4. Gold, silver, copper and aluminum bars.

Additional potential resources still to be received were given as follows:

1. Two hundred and fifty-nine parcels of precious articles given the state.

2. Balance of gold due from Austro-Hungarian Bank, variously estimated from 10,000,000 to 17,000,000 gold kronen.

3. About 17,000,000 gold rubles still due from the Soviet Government.

INTERNAL REVENUES INCREASE

The total internal revenue for the year 1920, Minister Mihalski said, amounted to only 4,000,000,000 marks. In 1921, on the other hand, the internal revenue by three months' periods was as follows: First quarter, slightly over 4,000,000,000; second quarter, 8,000,000,000; third quarter, 15,500,000,000; fourth quarter, estimated at



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over 20,000,000,000 as collections in September had already amounted to over 7,000,000,000.

The governmental economies which have recently been started will result in annual savings of many billion marks, according to the Minister of Finance.

South Africa

INDUSTRIAL RECOVERY

South Africa has gone back to work and will adjust the strike problems later on, says a cable to the Department of Commerce at Washington. A government committee will shortly submit a scheme of readjustment. All the mines except one are working, 11,700 miners are earning wages again and normal industrial conditions are fast becoming restored.

The state finances, however, are running far behind. For nine months of the fiscal year customs receipts fell

short £825,648; income tax, £455,092; gold mining leases, £431,400, posts and telegraphs £377,473, and excise tax, £319,957. Various estimates are made as to the total deficit in twelve months, the highest estimate approaching £4,000,000. The new budget will be guided materially by this experience with a burdensome deficit. It is likely that 2d. will be added to the petrol tax, to some extent offset by a reduction in price. It is suggested, further, that the duty on automobiles be raised from 20 to 33 1/3 per cent. It is announced that there will be no general increase in taxes, as next year's balance is to be effected through reduced expenditures. With proceeds from gold mining leases heavily reduced, expenditures must stand a very heavy cut.

The present Parliament will be a momentous one in the Union's history. It must consider a bill to amend the Company Law, one to improve methods of distribution of goods, the reduction of

railway rates, tariffs and development of natural resources.

COMPARISON OF RESOURCES

In view of the stagnation of the last two months, the most instructive comparison that can be made, as to resources, is a comparison by years.

In 1915 there were 3998 industrial establishments, with 101,178 employees, that were paid £8,912,857. In 1920 there were 6890 establishments and 175,522 employees; the salaries paid were £19,119,000. Materials used cost 22 million and 54 million pounds sterling, respectively, while the value of production was 40 and 93 millions. Of course, 1920 was the year of the great boom. Gold was then at a high premium, whereas it is now steadily approaching the standard value at 85 shillings. Unless there are severe wage cuts, 24 of 39 mines will operate at a loss. Coal mines will not have as open a field as was the case during the three months of the British strike, in 1921. Diamond mines, with heavy stocks and an unpredictable market, are worse off than gold and coal.

The upshot of these facts is that industries and agriculture must take the place of the mines. This means development of foreign markets and cheap transportation to them, which in turn is possible only if return cargoes and a purchasing power in South Africa are assured.

India

TRADE AND FINANCE

Indian business, as measured by imports and exports for February, says a cable to the Department of Commerce at Washington has declined from that of January. The February figures, however, show an excess of exports over imports, a relation which has not existed since May, 1920, except for September, 1921.

The sterling market for several weeks has been dull, attributable to the new budget provision for increased tariff measures, and to the failure to enact the anticipated duty on silver. Because of heavy purchases of bullion for importa-

tion, the rupee-dollar rate has declined from 28c. per rupee on March 14 to 27.3c. per rupee on March 22. The rate on February 21 was 28.3c. This decline is quite out of sympathy with the rising New York-London cross rate, and was caused mainly by local conditions.

General market conditions are far from normal, although fair stocks of imported merchandise on hand are being slowly absorbed, and there has been some demand for foreign cotton piece goods, particularly bleached goods and nainsooks at Bombay. Sugar stocks in Bombay and Calcutta port warehouses were reported as 581,000 bags at the middle of March, compared with 600,000 bags on hand the middle of February.

FEBRUARY FOREIGN TRADE

Imports for February amounted to 189,300,000 rupees, against 276,200,000 rupees in January and 254,360,000 rupees for February, 1921. Total exports, including re-exports of foreign merchandise for February, were valued at 222,000,000 rupees, against 229,900,000 rupees in January and 176,335,000 rupees in February, 1921. This indicates a decline in both imports and exports from the January, 1922, figures, but from India's standpoint shows a welcome change of affairs, the total imports being 18½ per cent. below the 1921 monthly average, and total exports 24.7 per cent. above. A large quantity of Australian wheat was imported during February, being a continuation of shipments commenced the latter part of the year to supplement local stocks necessitated by the previous Indian wheat crop failure. Under imports of manufactured articles, cotton manufacturers dropped from 57,800,000 rupees in January to 39,500,000 rupees in February. The classification Raw Materials showed a decrease from the January figure, which was 23,100,000 rupees. Exports showed an increase over January principally because of the continuation of raw cotton shipments to Japan during February and increased shipments of grain, pulse and flour.

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Egypt

FOREIGN TRADE

What will be the effect upon the trade of the United States of the recent establishment of Egypt as an absolutely independent political entity? The growth of our trade with Egypt in recent years, says the *Trade Record* of the National City Bank of New York, has been one of the striking features of the commercial changes during and since the war. The record continues:

Our total trade with Egypt in the year preceding the war was but about \$17,000,000; in the closing year of the war it was \$35,000,000; in 1919 it advanced to \$55,000,000, and in 1920 totaled \$135,000,000. With the general reduction which characterized world international trade in 1921 and the sharp falling off in purchasing power of that country by reason of the low price of its cotton, the total of our trade with Egypt fell to \$36,000,000, but was still more than double that in 1913 or in any year prior to the war.

GROWTH OF TRADE

This growth in our trade with Egypt has been especially striking in the matter of merchandise exported to that country. Prior to the war, our exports to Egypt seldom exceeded \$2,000,000 and in many years were far less than that sum. In 1915, they advanced to \$5,000,000, and in 1916 were over \$14,000,000, dropping off in 1917 and 1918 by reason of transportation difficulties, but again advancing to \$15,000,000 in 1919 and \$38,000,000 in 1920. In 1921 the fall of the price of Egyptian cotton reduced the purchasing power of that country, and while our exports to Egypt in 1921 were but \$14,000,000 they were practically seven times as much as the annual average in the decade preceding the war, and seem likely to again advance with a return of the purchasing power of Egypt resulting from the higher prices which she is already beginning to realize for her chief article of export, raw cotton, of which the United States is a large purchaser.

PRINCIPAL IMPORTS FROM U. S.

Wheat, flour, coal, petroleum in its various forms, machinery, leather goods, cotton goods, manufactures of iron and steel and tobacco are the most important of our exports to Egypt. Of coal the 1920 exports

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to that country were over \$6,000,000 in value, which far exceeded the average in the years in which Egypt was drawing its coal requirements from its nearer neighbors in Europe. While Egypt is normally a considerable producer of wheat, the extremely high prices of cotton during the war led her agriculturists to increase their cotton acreage at the expense of the wheat area, and as a consequence we sent to Egypt 3½ million dollars' worth of wheat and over \$11,000,000 worth of flour in 1920. Practically all of her iron and steel imports were prior to the war drawn from Europe, but our own exports of iron and steel manufactures to Egypt in 1919 exceeded \$5,000,000, and in 1920 were in excess of \$3,000,000, most of this being machinery, which totaled about 2¼ million dollars in 1920, while the exports of leather and manufactures thereof to that country aggregated about \$1,000,000 in 1914. Among the other articles which helped to bring our total of exports to Egypt in 1920 up to a total fifteen times as much as in any pre-war year were automobiles, agricultural implements, railway cars, cotton goods of all kinds, tin plate, boots and shoes, silk manufactures, cottonseed oil and condensed milk.

PRINCIPAL EXPORTS TO U. S.

On the import side our chief demands upon Egypt have been raw cotton, since her long staple cotton of high grade and silky appearance is greatly prized by our manufacturers for use in conjunction with our own domestic cotton. Our imports from Egypt in 1920, which aggregated \$97,000,000, included \$90,000,000 worth of raw cotton, which came at an average price of 50c. per pound, against 28c. in that brought from China and 22c. in that coming from India. Among the other articles which we imported from Egypt in 1920 were nearly a million dollars' worth of goat and sheep skins, and many other articles, including ivory, tobacco, nuts and gum arabic.

Our total trade with Egypt since the beginning of the war has averaged about \$50,-

000,000 a year, against about \$18,000,000 per annum in the decade preceding the war.

Brazil

ECONOMIC CONDITIONS IMPROVING

Though there is no great improvement to record in the general business condition of Brazil, according to a cable to the Department of Commerce at Washington, the tendency is undoubtedly in the right direction. Despite the fact that the outcome of the presidential election of March 1 is unknown at the present writing, the tone of the market is good and the political situation is quiet. Exchange has been fairly steady, fluctuating between 7.116 and 7.617 milreis to the dollar, and buying shows signs of picking up, although purchases are generally confined to immediate needs. Stocks in most lines have reached a place, however, where buying on a larger scale must shortly begin. Building activity is increasing in both Rio de Janeiro and Sao Paulo, which is resulting in a growing scarcity of capable labor and a steadier market for construction materials. An increasing number of salesmen have appeared in the field, and heavier orders of iron and steel and machinery have been made. The latter have been placed for the most part by the government or the railways, while the former have originated in Sao Paulo.

RAILWAY ACTIVITIES

There is strong competition among foreign agents for Brazilian railway



NEW YORK AGENCY, Woolworth Building
L.N. LAU, Agent

The CHINESE MERCHANTS BANK LTD.

OF HONGKONG

The First Chinese Bank in New York



DIRECT banking service rendered in connection with commerce between the United States and China through the medium of Native Chinese branches and agencies—purchase, sale and collection of bills, issuing of drafts and letters of credit.

Each transaction is presented to the Chinese Merchant in the manner to which he is accustomed. This clear understanding gains his good will and confidence—acts as an incentive to continued business relationship.

Inquiries Invited from Responsible American Business Houses

Head Office
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NEW YORK AGENCY
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Branches
Canton, Saigon, Shanghai

Chartered under the Banking Laws of the British Crown Colony of Hongkong

business, especially with regard to the electrification of the Central of Brazil Railway. Orders have just been placed for 70 American cars for the Noreste do Brazil Railway and for 4500 tons of rails for the Sorocabana Railway. Belgium was the successful bidder in the latter contest, its price being 254 paper milreis, as against 287 offered by Germany, and 324 milreis, the lowest American offer.

Another feature of the month was the \$4,000,000 American loan to the Paulista Railway, and the entrance of several of the Brazilian states into the market for loans. This has resulted in marked activity among local agents of foreign banking houses.

IMPORT AND EXPORT MOVEMENT

The shipping situation remains unchanged except for the initiation of a German passenger service. The movement of import commodities, as has been inferred, is somewhat improved. Imports at Rio de Janeiro during the pe-

riod of February 21 to March 19 and at Santos during the period of February 17 to March 18 were as follows: Automobiles, United States 84, Italy 14, Germany 10; cement, Germany 72,090 barrels, Scandinavia 17,500 barrels; coal, England 60,195 tons, United States 11,872 tons; drugs and chemicals, Germany 905 metric tons, United States 364 tons, England 361 tons; electrical goods, United States 147 metric tons, Germany 104 tons; steel bars, England 168 tons, Belgium 144 tons, Germany 142 tons; steel sheets, Germany 248 tons, United States 208 tons; wire, Germany 661 tons, United States 346 tons; rails, total imports 1757 tons; miscellaneous iron and steel, Germany 1261 tons, United States 894 tons, Belgium 298 tons; tin plate, United States 184 tons, Germany 131 tons; and paper, Germany 760 tons, Holland 108 tons. Germany is also shipping considerable machinery on consignment, but its prices, especially in repeat orders, are rising and deliveries are slower.

Export movements, except in coffee, are weak, and the unusually heavy rainfall which has been prevalent through the states of Sao Paulo and Rio de Janeiro can scarcely be expected to improve the situation. The total export stocks of sugar and cotton on hand at Rio de Janeiro and Pernambuco amount to 707,371 bags and 42,224 bales, respectively. The price for first grade sugar at Pernambuco has been around 400 reis per kilo and that for cotton 2.200 milreis per kilo. According to the new valorization plan, which was approved on January 7, 1922, the minimum price of sugar shall be 600 reis per kilo, the Caixa Nacional de Exportacao do Assucar (newly established National Sugar Export Bank) being authorized to purchase in the market sufficient quantities to maintain this figure.

Chile

TRADE MORE FAVORABLE

Fundamental conditions appear more sound and are accompanied with a slight improvement in general business, according to a cable to the Department of Commerce at Washington. Exchange has improved, the average for the first 23 days of March being \$0.111 $\frac{7}{8}$. Considerable uncertainty exists as to whether this improvement will continue, due to divided opinion as to future developments and the heavy speculation in exchange.

American business is not progressing in Chile due to a lack of adequate representation and service rather than an adverse exchange or non-competitive prices. This is apparently the best time for our business houses to make an energetic and intelligent effort to develop their trade with that country if we are not to see our European competitors obtain the greater share of new orders as they are placed.

The trade in staple commodities continues larger than that in specialties, but such orders as are being placed in the latter are mostly going to Europe.

Due to the continued drought toward the South of Chile, it is expected that the crop of wheat will be smaller than

predicted. In this connection it is well to bear in mind that owing to the high prices of bread during the latter part of last year efforts were made to have the Government prohibit the unlimited exportation of wheat.

COAL STRIKE FAILS

The general strike declared in sympathy with the coal miners on February 10, and which has resulted in complete failure, due to awakening conservatism among the labor unions of central Chile, seems to have left no lasting effect, and prospects for a settlement of labor difficulties are favorable. The coal strike has almost spent itself, but it is uncertain as to when operations may be resumed.

The small sales of nitrates, the first since 1920, are reported to have been made by the associated nitrate producers. These sales have not been of such magnitude as to give a more certain tone to the market, and the situation does not show any decided change over last month.

Due to the small revenues obtained by the Government during the months of January and February the general condition of government finances is more unfavorable than it has been for some months past, and there are indications that the government will attempt to cover its deficits by new borrowings.



International Banking Notes

The Equitable Eastern Banking Corporation in its statement of condition at the close of business of March 30, 1922, shows undivided profits of \$307,320.38. The total capital, surplus and undivided profits of the corporation are \$2,807,320.38. The results of the first year's business of Equitable Eastern are an indication of the revival and betterment of trade between the United States and the Far East. The Equitable Eastern Banking Corporation, a subsidiary of the Equitable Trust Company of New York, was organized in December, 1920, for the purpose of developing the Far Eastern business then being done by the Equitable Trust Company. Included among the stock-

The Bank of the Philippine Islands

MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

Capital fully paid-up .

Reserve Funds . . .



(\$0.50 = 1 Peso)

. (Pesos) 6,750,000.00

. " 5,972,500.00

William T. Nolting.....President
F. Borromeo.....Vice-President
P. J. Campos.....Mgr. Iloilo Branch
J. M. Browne.....Mgr. Zamboanga "

R. Moreno.....Secretary
D. Garcia.....Cashier
E. Byron Ford.....Chief For. Dept.
S. Freixas.....Accountant

1851 -- Seventy-one year's service to Commerce, Agriculture and Industry -- 1922

Transacts general banking business. Buys and sells exchange on all the principal cities of the world

Correspondents

London: Nat'l Bank of Scotland, Ltd.
Spain: Banco Hispano Americano
Hongkong: Netherland India Com'l Bank
San Francisco: Wells Fargo Nevada Nat'l Bank
New York: National City Bank, The Equitable Trust Co. and Irving National Bank

Paris: Comptoir Nat'l d'Escompte
Australia: Bank of New South Wales
Shanghai: Bank of Canton, Ltd.
Chicago: Continental & Commercial Nat'l Bank
Japan: Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

holders are the Mercantile Trust Company, San Francisco; Northwestern National Bank, Portland, Oregon; and Citizens National Bank, Los Angeles. Equitable Eastern has offices at 37 Wall Street, New York, and at 1 Kiukiang Road, Shanghai.



The statement of condition of the Bank of Japan, Tokyo, shows a net profit for the year ended December 31, 1921, of yen 11,438,924.16, an increase over the preceding year of yen 99,784.06. The total assets of the bank are yen 2,858,546,925.21; authorized capital of yen 60,000,000; reserve fund of yen 46,890,000; and current accounts of yen 35,388,178.12.



The statement of condition of the British Linen Bank, Edinburgh, for the year ended January 14, 1922, shows a net profit, after providing for bad and doubtful debts, interest due to customers, and rebate on bills current, of £285,646 8s 8d. This sum, with the balance brought forward from the previous year, gives a total of £314,103 12s 2d, which has been distributed as follows:

To payment of half-year's dividend in September last, at the rate of 16 per cent. per annum less income tax.....	£70,000
To reduction of bank premises and other heritable property....	20,000
To contingency account.....	100,000
To payment of second half year's on March 15, at the rate of 16 per cent. per annum, less income tax.....	70,000
To be carried forward.....	54,103 12s 2d



The statement of condition of the Netherlands Trading Society, Amsterdam, as presented at the annual general meeting held on July 27, 1921, shows a net profit of £1,010,819 for the year ended December 31, 1920, out of which sum, after providing for the statutory reserve to the extent of £135,497, a dividend of 12 per cent. has been declared. The statement shows total assets of £68,651,224; paid up capital of £6,666,667; reserve fund of £1,581,604; special reserve fund of £3,346,667; and current accounts of £33,960,275.



The statement of condition of the National Bank of India, Limited, London, for the year ended December 31, 1921, showed net profits, after providing for all bad and

doubtful debts, of £555,063 15s 8d, added to which £149,031 17s brought forward makes a total available of £704,095 12s 8d. A dividend of 20 per cent. per annum, free from income tax, was declared, additional to the ad interim dividend at the rate of 20 per cent. per annum, free from income tax, which was paid on September 20, last, amounting to £200,000. The total assets of the bank are £12,418,027 0s 5d; paid up capital £2,000,000; and reserve fund £2,500,000.



Aimé Dumaine has recently been named as representative of the Banque Nationale Francaise du Commerce Exterior in this country. The Banque Nationale Francaise



AIME DUMAINE

Recently named representative of the Banque Nationale Francaise du Commerce Exterior

du Commerce Exterior is a foreign trade bank incorporated in 1919, in which all the big French institutions such as Credit Lyonnais, Comptoir National d'Escompte, Banque de Paris et des Pays Bas, Union Parisienne, Banque Nationale de Credit, etc., are stockholders. The bank is authorized to open agencies in the French Colonies

and Protectorates as well as in foreign countries and to undertake there all the usual banking operations, but more especially those concerning foreign trade. In France its operations are strictly limited to foreign trade. The bank has a capital of 100,000,000 francs and receives from the French Government a subsidy of 2,000,000 francs a year. To create a surplus fund at the start, the French Government has advanced 25,000,000 francs without interest that will be reimbursed later on out of profits. The directors must be one-third bankers and two-thirds business men. Two delegates of the French Government assist at the meetings of the board, as advisers, and supervise the accounts of the bank each year. The Banque Nationale Francaise du Commerce Exterior, especially organized for foreign trade, is authorized to make long term credits to importers and exporters, and as it is claimed the foremost French institution in that line of business, is in a position to give the best service to American banks and firms in their dealings with France and French Colonies. The New York office of the bank is at 21 East 40th street.

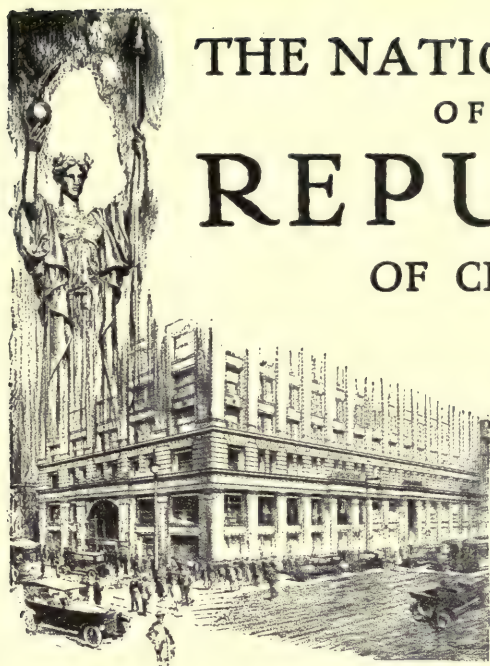


The annual statement of condition of the Swiss Bank Corporation, Basle, shows that, after deduction of expenses and taxes and making provision for bad and doubtful debts, etc., the net profit for the year ended December 31, 1921, amounts to £461,990, which has been distributed as follows:

To pension fund	£ 20,000
To dividend of 5 per cent. on the paid-up capital	240,000
To statutory participation of directors ..	20,199
To a further dividend of 4 per cent. (making in all 9 per cent. for the year 1921)	192,000
To be carried forward (with amount brought forward from last year)	39,285



The statement of condition of the Eastern Bank, Limited, London, for the year ended December 31, 1921, shows a net profit, after providing for contingencies and including the balance brought forward from the last account of £175,180 14s 4d. A final dividend at 5s a share, less income tax, was declared, payable March 27, in addition to the interim dividend at 4s a share, amounting to £40,000, paid last October. The total assets of the bank are £9,712,218 10s 7d; paid up capital £999,844; and reserve fund £266,000. In order to provide more adequate accommodation the bank has purchased the property at Nos. 2 and 3 Crosby Square, London, adjacent to the present



THE NATIONAL BANK OF THE REPUBLIC OF CHICAGO

Is prepared to render
exceptional service
in exceptional times

CAPITAL AND
SURPLUS
\$3,000,000

offices, and the plans for a new building to be erected on the site are now being prepared. A branch of the bank has been opened in Madras.



The Anglo London Paris Company has been organized and will conduct in the future the investment banking business formerly conducted by the bond department of the Anglo and London Paris National Bank of San Francisco. The bank announces that the growth of business in securities requires a separate organization which is free to render full scope of individual service to clients, and that both the policy and management of the new bank will be the same as its predecessor, which will coöperate to the fullest extent with the new company.



William Baxter, New York agent for the Chartered Bank of India, Australia and China, with branches throughout the Far

East, has received the following cable from the bank's London office, according to the *New York Times*:

"At the approaching annual general meeting of shareholders of the Chartered Bank of India, Australia and China, the directors will recommend that a dividend be declared for the past half year at the rate of 14 per cent. per annum and a bonus of $6\frac{1}{4}$ per cent. per annum (making for the year 1921, $20\frac{1}{4}$ per cent.), free of income tax, that £100,000 be added to the reserve fund, that £25,000 be added to the officers' superannuation fund, that £50,000 be written off premises account, and that £215,169 6s 5d be carried forward."



In the April issue of THE BANKERS MAGAZINE, on page 702, the total deposits of the Credit Commercial de France on December 31, 1921, were incorrectly stated. The figures should read frs. 1,288,063,668.25.

The comparative statement of the Credit Commercial de France follows:

As of December 31st:	Capital	Reserves	Total Assets	Deposits	Dividends
1913	Frs. 40,000,000	11,770,331.16	235,600,889.92	154,028,729.30	6 $\frac{1}{2}$ %
1914	40,000,000	12,573,373.48	201,087,119.82	126,597,085.75	5 %
1915	40,000,000	12,821,951.94	223,255,378.91	153,418,269.93	5 %
1916	40,000,000	13,074,051.08	321,759,146.20	222,912,252.43	6 %
1917	45,000,000	13,325,027.00	527,363,699.44	414,860,065.93	6 %
1918	45,000,000	15,356,265.44	699,315,303.47	560,928,511.62	7 %
1919	80,000,000	20,399,983.76	1,524,626,819.96	1,319,582,449.19	7 %
1920	120,000,000	27,119,063.97	1,700,165,839.93	1,418,187,905.39	8 %
1921	120,000,000	29,462,510.62	1,538,327,163.39	1,288,063,668.25	8 %

London and River Plate Bank, Limited.

HEAD OFFICE: 7 PRINCES STREET, E. C. 2, LONDON

Agency: MANCHESTER, 86 Cross Street

Paris Branch: 9 Rue du Helder

Antwerp Branch: 22 Place de Meir

Lisbon Branch: 32 Rua Aurea

(\$=£1.)

CAPITAL (Authorized)	-	-	-	-	-	\$20,000,000
SUBSCRIBED CAPITAL	-	-	-	-	-	15,000,000
PAID-UP CAPITAL	-	-	-	-	-	10,200,000
RESERVE FUND	-	-	-	-	-	10,500,000

DIRECTORS

E. ROSS DUFFIELD, Esq.

RICHARD FOSTER, Esq.

FOLLETT HOLT, Esq., M. Inst. C. E.

KENNETH MATHIESON, Esq.

J. W. BEAUMONT PEASE, Esq.

HERMAN B. SIM, Esq.

Sir RICHARD V. VASSAR-SMITH, Bart., D. L.

ROBERT A. THURBURN, Esq. (Managing)

BANKERS: BANK OF ENGLAND:

LLOYDS BANK, LTD.; LONDON COUNTY WESTMINSTER AND PARRS BANK, LTD.

BRANCHES IN SOUTH AMERICA

BRAZIL:—Para, Macelo, Pernambuco, Rio de Janeiro, Santos, Sao Paulo, Bahia, Curitiba, Pelotas, Porto Alegre, Rio Grande do Sul, Victoria, also an agency at Manaus.

URUGUAY:—Montevideo, Montevideo Sub-Agency, Paysandu, Salto and Rivera.

ARGENTINA:—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahla Blanca, Concordia, Tucuman, Cordoba, Parana. Also in Buenos Aires:—Barracas al Norte, Once, Boca, Calle Santa Fe 2122 and Calle B. de Irigoyen 1138. CHILE:—Valparaiso, Santiago, Antofagasta. UNITED STATES OF COLOMBIA:—Bogota, Medellin. PARAGUAY:—Asuncion.

Correspondents in all other places of importance in these South American Countries

Documentary Bills Bought, Advanced Upon or Received for Collection. Drafts and Cable Transfers Sold on all Branches and Agencies. Commercial and Travelers Letters of Credit Issued.

New York Agency, 51 Wall Street, WM. R. ROBBINS, Agent

The Zionist Organization in Palestine, according to a report to the Department of Commerce at Washington, has officially registered with the Palestine government a bank to be known as the General Mortgage Bank, with a capital of LE200,000 or about \$800,000 at current exchange rates. Other smaller private banks of a like nature have been organized on paper and officially registered. The Palestine government is also making plans for organizing a government mortgage bank to receive the funds derived from the liquidation of the former Ottoman Agricultural Bank.



At the annual meeting of stockholders of the National Bank of Belgium, Brussels, on February 27, 1922, total profits for the year 1921 were reported as 61,179,740.94 francs. Of these gross profits 28,720,070.10 francs were paid to the State for the following accounts:

1. Stamp tax on average circulation.
2. One-quarter per cent. on productive average circulation exceeding 275,000,000 francs.
3. Income from discount and loan operations above 3½ per cent.

4. Participation of State in gross earnings.

Administrative expenditures totaled 15,916,023.31 francs and dividends on stock 10,933,333.32 francs. Dividend per unit of 50,000 outstanding shares as authorized by directors and approved by stockholders amounted to 216.66 francs, minus State tax, or 195 francs net.

The final statement of the year shows total assets of 7,254,299,727.82 francs, capital of 50,000,000 francs; surplus of 50,936,759.25 francs; and individual current accounts of 573,627,985.55 francs.



A bill authorizing the Greek Government to raise a force loan of 1,500,000,000 drachmas (about \$67,500,000 at the present rate of exchange) was introduced in the National Assembly at Athens recently by the Minister of Finance.

The measure provides that all persons possessing paper currency must lend 50 per cent. to the State immediately the bill becomes law. A parliamentary committee has been appointed to examine the bill.

The bill provides an ingenious device to realize the loan immediately and automatic-



"The Swedish Bank
of Commerce"

Svenska Handelsbanken STOCKHOLM

Cable Address "Handelsbank"

Own Funds: Kr. 181,000,000

ally. All bank notes in circulation would be cut into halves, under the provision of the bill; one-half to remain in circulation, representing half of the note's value, while the other would be converted into a bond of the compulsory loan, bearing 7 per cent. interest. The National Bank would be obliged to lend the State immediately half of the amount obtained by the division of the bank notes.

•

An experiment, now being undertaken by Peru, is being watched with a great deal of interest by bankers in the United States as furnishing a precedent for other countries, where financial conditions are more or less in chaos. It is the establishment of the Federal Reserve Bank of Peru, a £1,000,000 venture, of which one-half of the capital is to be subscribed by member banks, and the balance by the public. Preliminary payments of one-half of the subscription is to be made.

Bankers in New York have received information that the amount of stock to be taken by member banks has been fully subscribed and that of the first £100,000 offered to the public the issue has been fully sub-

scribed. It is expected that the new system will start to function during the late summer and the experiment will be watched with considerable interest, because of the fact that it is modeled closely on our own Federal Reserve Bank.

•

Frederick C. Harding, New York agent of the Anglo-South American Bank, Ltd., has received the following cable from the head office of the bank in London: "The board of directors of the Anglo-South American Bank, Ltd., have declared an interim dividend of 6 shillings per share, less tax, payable April 22, 1922. This is the equivalent of a distribution at the rate of 6 per cent., or 12 per cent. per annum, on the paid-up capital of the bank."

•

Thomas W. Lamont, of J. P. Morgan & Co., has left for Europe to attend a meeting of the International Committee of Bankers on Mexico in Paris. Later he will be present at a meeting of the managing group of the Chinese banking consortium to be held in Paris or London.

CHINA—

廣東銀行有限公司

The Bulk of Her Trade

The bulk of China's commerce, its producing and consuming power lies in the eighteen provinces of the Southeast, of which Canton and Hongkong are the principal centers.

The Bank of Canton's head office is at Hongkong; it is a native bank, closely in touch with the business of that rich country; its New York Agency, in charge of native Chinese, brings to American business men and bankers direct and authoritative information on Chinese commercial and industrial affairs.

THE BANK OF CANTON^{LTD}

One Wall Street

New York

Ginarn Lao, Agent

CANTON

SHANGHAI

BANKOK

At the annual general meeting of the stockholders of the Bohemian Industrial Bank, Prague, held on March 30, 1922, the balance sheet for the last year was submitted, showing the total turnover of Kč 134,028,114,878.31 and the gross profits of Kč 94,386,207.89, which represents 62.92 per cent. of the capital Kč 150,000,000. After deductions for general expenses, taxes and amortizations, the clear profit appears to be Kč 22,009,882.36, which represents 14.67 per cent. of the share capital. After allotting to various reserve funds the sum of Kč 6,012,462.72 the dividend of Kč 32 will be paid on each share, which is 8 per cent. The remaining balance is to be forwarded to the new account.

There was consummated at the general meeting the merger of the Bohemian Industrial Bank with the Agricultural Credit Bank of Bohemia, Prague, and with the Commercial and Industrial Bank, Moravská Ostrava. The former bank has been in existence for 54 years, having a share capital of Kč 50,000,000; and deposits to the amount of Kč 704,000,000. The latter bank

has a share capital of Kč 10,000,000; the deposits amount to Kč 50,000,000. This bank has been in existence 24 years.

Finally the general meeting approved the proposed increase of share capital to Kč 240,000,000.

The bank will hereafter have the name Industrial and Agricultural Bank of Bohemia.



The general meeting of stockholders of the Rotterdamsche Bankvereniging took place in Rotterdam on April 19, when a dividend of 8 per cent. for the year 1921, payable from April 20, was declared. The annual report for 1921 shows a net profit of 15,149,320.34 florins.



Stockholders of the Banca Commerciale Italiana have approved the proposal of directors to pay a dividend of 12 per cent. on the bank's stock and to transfer 4,000,000 lire to the surplus account and 10,800,000 lire to undivided profits.





PAUL M. WARBURG
Chairman of the executive committee



F. A. GOODHUE
President

Year of Success for Acceptance Bank

THE International Acceptance Bank, Inc., celebrated its first anniversary on April 19.

During its first year of existence, with about \$13,000,000 of its acceptances outstanding, the bank occupies ninth place among all accepting banks and trust companies in the United States.

Paul M. Warburg, chairman of the executive committee, is quoted as stating that the first year's results seem to indicate the policies and expectations of the organizers; that expert knowledge and intimate affiliations with leading banks and banking firms as stockholders at home and abroad would open to the International Acceptance Bank vast opportunities for useful service and profitable business without its being compelled to establish foreign branches.

Commenting on the general financial outlook, Mr. Goodhue, president of the bank, said:

"Of course the future of foreign trade is dependent to a great degree

upon Europe's political and economic developments. We are all hoping that the Genoa conference will bring about some tangible results. Pending such a development, however, which I believe alone can effect an appreciable and sustained revival of foreign commerce, the International Acceptance Bank, Inc., is directing its efforts toward diverting to American markets a larger share in financing the existing volume of world trade.

"There offers at the present time a great opportunity for our banks in this respect, America having two advantages—a free gold market and stable gold currency, while trade and banking in other countries suffer the severe handicap of the uncertainties of their widely fluctuating exchanges.

"The Federal Reserve Board, through its recent revision of its acceptance regulations, has greatly facilitated the development of American acceptance banking.



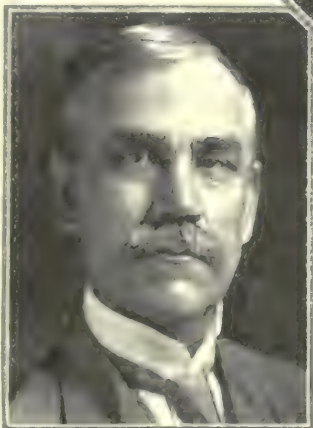
CHARLES E. HUGHES



HERBERT HOOVER



ANDREW D. MELLON



REED SMOOT



THEODORE E. BURTON

The World War Foreign Debt Commission

The creation of the so called "World War Foreign Debt Commission," the photographs and names of the members of which appear on the opposite page, is the outcome of a bill passed by the United States Senate and the House of Representatives, and approved by the President, providing for the refunding of the Allied war debts. Under the provisions of the bill the committee consists of five members, with the Secretary of the Treasury as chairman. The remaining four members were appointed by the President. The bill, in its approved form, follows:

AN ACT (H. R. 8762) to create a commission authorized under certain conditions to refund or convert obligations of foreign Governments held by the United States of America and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That a World War Foreign Debt Commission is hereby created consisting of five members, one of whom shall be the Secretary of the Treasury, who shall serve as Chairman, and four of whom shall be appointed by the President, by and with the advice and consent of the Senate.

Sec. 2. That, subject to the approval of the President, the Commission created by Section 1 is hereby authorized to refund or convert, and to extend the time of payment of the principal or the interest, or both, of any obligation of any foreign Government now held by the United States of America, or any obligation of any foreign Government hereafter received by the United States of America (including obligations held by the United States Grain Corporation, the War Department, the Navy Department, or the American Relief Administration), arising out of the World War, into bonds or other obligations of such foreign Government, in substitution for the bonds or other obligations of such Government now or hereafter held by the United States of America, in such form and of such terms, conditions, date or dates of maturity, and rate or rates of interest, and with such security, if any, as shall be deemed for the best interests of the United States of America; *Provided*, That nothing contained in this Act shall be construed to authorize or empower the Commission to extend the time of maturity of any such bonds or other obligations due the United States of America by any foreign Government beyond June 15, 1947, or to fix the rate of interest at less than $4\frac{1}{4}$ per centum per annum; *Provided further*, That when the bond or other obligation of any such Government has been refunded or converted, as herein provided, the authority of the Commission over such refunded or converted bonds or other obligations shall cease.

Sec. 3. That this Act shall not be construed to authorize the exchange of bonds or other obligations of any foreign Government for those of any other foreign Government, or cancellation of any part of such indebtedness except through payment thereof.

Sec. 4. That the authority granted by this Act shall cease and determine at the end of three years from the date of the passage of this Act.

Sec. 5. That the annual report of this Commission shall be included in the Annual Report of the Secretary of the Treasury on the state of the finances but said Commission shall immediately transmit to the Congress copies of any refunding agreements entered into, with the approval of the President, by each foreign Government upon the completion of the authority granted under this Act.

Radio-Banking is the Latest

IT used to be a few short years ago that banks were considered slow. People used to think that banks were the last people in the business community to adopt any new idea. This theory

has been knocked into a cocked hat these days.

Recently one of the vice-presidents of the Equitable Trust Company of New York, James I. Bush, delivered a speech by wireless from the Newark, N. J., broadcasting station to radio receiving stations throughout the Atlantic States. Mr. Bush talked about investments and advised all listeners-in to consult their bankers before plunging.

The educational possibilities of this form of bank publicity are enormous, but a bank in Wisconsin has discovered another way to use the radio. The Bank of Southern Wisconsin, Janesville, has opened a radio-telephone service for the use of farmers and stock buyers. Every noon in the lobby of the bank it receives the weather forecast and the market reports from Madison, Wis. By the use of the magnavox everyone in the bank lobby can hear the reports clearly and an operator takes them down as they come in and posts them for the benefit of late-comers.

Other banks that are utilizing the radio as a service feature are invited to send in an account of their experience to **THE BANKERS MAGAZINE.**



JAMES I. BUSH

Vice-president Equitable Trust Company of New York



Radio-telephone service for the use of farmers and stock buyers installed by the Bank of Southern Wisconsin, Janesville



Tipple and coke ovens at Hellier, Kentucky

Some Problems of Mine Operation

PRESENT labor troubles in the union coal mining fields represent the most immediate problem confronting mine owners, but not the most serious nor the most difficult problem with which they have to deal. Overproduction of coal throughout the country during the past year and a half has resulted in most strenuous competition, which has forced mine mouth prices down to levels which in many cases are less than the actual cost of production. In testimony recently given before the Interstate Commerce Commission by J. D. A. Morrow, vice-president of the National Coal Association, the fact was made public that the 55,459,000 tons of coal produced by the members of that association during the seven months from April to November, 1921, inclusive, were sold at an average loss of two cents per ton. Inasmuch as some operators were able to dispose of their coal at a profit, the losses of those less fortunately situated must have assumed serious proportions.

The coal industry was overdeveloped at the beginning of the World War, at which time there were in the United States 6000 shipping mines. During the war 4000 new mines were added. Today the capacity of these 10,000 mines is twice as large as the demands of the United States, including all possible export business.

It is true that there were times during the war and immediately after it when the available supply of coal was insufficient, in spite of the excess capacity of the mines. These temporary shortages, however, were induced wholly by lack of transportation facilities. Since the return of the railroads to private management this condition has been largely corrected and a recurrence is highly improbable.

THE SURVIVAL OF THE FITTEST

Consumption of coal by railroads and industries during the past eighteen months has been less than in normal



Modern mining methods. This photograph shows the coal seam in Southern Illinois after being undercut and charged with three shots ready for firing

times, due to the business depression. The industrial demand will, of course, increase as business improves, but such increased demand will fall far short of producing anything like a balance between supply and demand. On the whole, coal mine operators were in excellent financial condition at the beginning of 1921, having had several prosperous years with fair margins of profit as established by the Fuel Administration, and for this reason comparatively few mines were forced to drop out during the past year. The economic fight

for existence, however, is in full swing, and must eventually result in elimination of the excess mines.

EFFICIENT MANAGEMENT IMPERATIVE

To endure the strain of the elimination period the utmost skill in management will be required. Selling has again become the most vital as well as the most difficult of the coal producer's problems. Steady running time is the first essential to low operating cost, and the running time is determined by the



A section of the famous 38 foot coal vein in Sheridan County, Wyoming



Miner loading at the face after coal has been shot down

efficiency of the sales force. During the past year the scramble for coal business reached the point where in active markets buyers were solicited by as high as fifteen to twenty coal salesmen daily, and in numerous cases purchasing agents were driven to posting signs to the effect that they would not talk to coal salesmen. The sales force is up against the problem of producing a sufficient volume of business under the most trying conditions and at a selling cost which will not add an undue burden to overhead expense. Only an extremely capable selling force working under expert and intelligent supervision is able to attain this accomplishment.

On the other hand, efficient operating is of almost equal importance, for even a super-salesman cannot secure business unless he is able to meet competitive prices, and coal must be produced at cost figures which will make this possible.

The next few years will doubtless witness an unusual number of mergers

with a definite drift toward centralized management, as companies operating a large number of mines possess many advantages over those with a single mine or a small group of mines. The large companies are able to effect economies through standardization of methods and equipment. They are able to check the various items of cost at each operation against the same items at mines with similar operating conditions and quickly discover and correct any irregularities. Additional savings are possible through large scale buying. The larger companies can carry a staff of highly trained, technical experts, the cost of maintaining which is spread over many mines, which the company operating a few mines or a single mine could not afford. The larger concerns should also be able to develop greater selling efficiency. Handling millions of tons annually, they acquire a most intimate knowledge of markets and market conditions. Because they are equipped to supply large tonnages, they naturally



Interior view of tipple in Southern Illinois field

receive preference of the largest consumers, and their salesmen, handling many varieties of coal, are able to supply the requirements of all different classes of industrial consumers as well as the retail trade in the communities they visit, being thus able to cover economically territory in which the cost of traveling salesmen with a single grade of coal would be prohibitive. The larger companies are also better equipped, as a rule, to provide for their financial requirements through skill in

this direction acquired by their broader experience.

Efficient management of the coal industry is of vital importance to our manufacturing enterprises and closely concerns our entire economic structure. The present period of intense competition, while it will work hardship and loss in many individual cases, should in the end prove of distinct general benefit by eliminating waste and promoting economy in the production and distribution of our most basic commodity.



The Old Banker Speaks

What has become of the old counting houses—
Those grim and grimy banking parlors
That were the terror and the delight of my childhood?

How well I remember when I was a small lad
Being allowed to spend all day at my father's.
How terrifying and yet how fascinating it was!
What romantic possibilities lurked
Behind those darkened nooks and corners!

How I gazed in awe at that strange assortment
Of shabbily dressed clerks that sat
On enormously high stools
Laboriously writing with pens that squeaked
And sent the cold chills down my spine.

Why was it that when my father left
They all suddenly stopped writing,
Exchanged sly winks
And made strange remarks
About the "young 'un" and the "old boy?"

And there was the old clock overhead
That ticked away the hours solemnly,
As though it recognized the dignity
Of its duties.
Now and then one of the clerks would
Glance at it, yawn, stretch and go on
Adding those endless columns of figures.

And then when five o'clock stole around,
With what unwonted ardour they
Closed the big ledgers, put away the pens
And hurried away, whistling.

Finally, my father came from that
Mysterious little room
Where he had been sitting all day
Doing I know not what.

Together we went out into the lamp-lighted streets
And went home—wild adventure—in a horse car.
Many a night thereafter I dreamed
Strange wonderful dreams—and the fascination
Of it all never left me.

But, alas, those days are gone. One by one
The old familiar landmarks have been
Replaced with marble palaces, glittering
In their splendor.

But the romance of the old counting house
Will never die; and the wonder of it
Still dwells in my heart.

—K. F. W.



What Your Advertising Should Say to the Prospect

JONES has just bought a new house, or Smith a new car, and you know it when you meet him in the bank. Do you then greet him with a cheery lot of talk about the new banking equipment you have just purchased or do you ask first about *his* latest acquisition and lead him later into your own interests as they come in contact with his?

When you advertise you simply greet, by means of the printed word, a hundred or a thousand people in place of the one you could have greeted personally. But you should not greet them any differently, except as the medium you use requires a difference.

The same simplicity, the same principles should apply, and not too much shop talk, until the interview is under way, but rather an approach to all the people

upon a subject in which you know they are all interested.

The problem is to know the group and to know how to make your approach to that group as intimate and friendly as would be your approach to one individual. This is the science of advertising, and it is in doing this that The CollinsService makes your advertising in its bigger, broader way as forceful and effective in securing friends and getting new business as is your personal approach.

The Collins Service

The Recognized Standard of Financial Advertising

Philadelphia, Pa.

Banking Publicity

Special Section of The Bankers Magazine

MAY 1922

This Budgeting Booklet Brings Business

Colorado National Bank of Denver Gets Many Different Types of People to Try Budgeting by Publishing Actual Local Experiences; Supplies Blanks

By John T. Bartlett

A FOLDER which sells 2,500 out of 3,500 people who inquire for it is certainly unusually effective literature. In December, 1920, the Colorado National Bank, Denver, as an experiment, issued a booklet, "Systems by which Women Save and Accumulate." This was accompanied by a set of printed forms. It proved unexpectedly popular. It contained much matter dealing with budgeting principles, practically all clipped from national or other publications. The bank had been publishing a series of booklets for women customers, and this was an extension of the idea, incorporated in a 32 page booklet which was advertised in Denver newspapers for free distribution.

Up to January 20, 1921, 3,500 people had visited the information desk of the bank, or applied by mail, to get this free booklet. And of this number roughly 2,500 decided to budget during 1922. They applied to the bank for the free budgeting forms which were offered to those who would use them.

When the time came to make a plan for 1922, the advertising manager decided to create, if possible, a different type of booklet, one which would be unusually specific, unusually interesting, and unusually applicable to Denver conditions. The bank, accordingly, advertised early in December an offer of \$25 apiece for each of the ten best budgeting experiences submitted to it. These

were to give all details and figures for the first eleven months of 1921.

The bank was not flooded with entries to the competition. In fact, the total that came in was about 40.

However, the experiences were so good, so vastly more

interesting than the advertising manager had anticipated, that he decided that the "ten best" were not enough. The bank ended by purchasing 20 individual experiences, at \$25 apiece.

The aim was to have the real-life experiences of local people, the greater the variety of occupation, income, etc., the better. As it worked out, the advertising manager, Mr. Ball, picked out the following experiences:

1. \$70 monthly income. El-

(Continued on page 593)

600 requests in 5 hours yesterday

Our Information Desk had six hundred requests yesterday between 10 o'clock in the morning and 3 o'clock in the afternoon for our new booklet on "Budgeting" as a means of economy and saving.

A year ago the largest number of requests in one day was four hundred. From this you can get some idea of the extent to which Denver people are becoming interested in the subject of budgeting.

If you are having difficulty in keeping your own household and personal expenses within your income and saving something out of your income from month to month, call and get a copy of this new booklet. It will be the most interesting reading you have found in a long time.

And if you decide to take up budgeting yourself, you can get a supply of the necessary forms at

our Information Desk without charge Friday morning or any time thereafter, whether you are a customer of this bank or not.

If you'll leave your name and address, we will send you free bulletins all through 1922 telling what other budgeters are doing, and answering any questions you may wish to ask concerning the correct method for keeping your expenditures in proper proportion with your income.

Budgeting is much easier now than it used to be because averages have been worked out that put it on a practical basis, easy to understand and adopt.

COLORADO NATIONAL BANK SEVENTEENTH & CHAMBERLAIN

The Colorado National has the largest total in its savings department of any banking institution in this part of the country and cordially invites savings accounts at all times. Interest at 4 per cent compounded semi-annually. (Interest to January 1st on present deposits is now being credited.)

This advertisement appearing the day after the announcement of the bank's new budgeting booklet shows the extent to which the booklet aroused immediate public interest

Banking Publicity

Monthly Publicity Section

THE BANKERS MAGAZINE

253 Broadway, New York

MAY 1922

THE Penn National Bank of Philadelphia announces that it will inaugurate a payroll delivery and collection of deposits service, through completion of arrangements with an express company whose responsibility to operate the service has been investigated by a committee of the Philadelphia Clearing House Association. The announcement says, in part, that:

Payrolls will be obtained at bank by the express company and transported to the office of the client, either in bulk or in individual envelopes, under every precaution and with full responsibility on the part of express company.

Arrangements can be made for the distribution of payroll envelopes among employees if desired. Arrangements can also be made for the collection of daily deposits.

All this makes one wonder why, with conditions as they are at the present time, more banks have not adopted, or do not adopt this or some other equally effective means of supplying this much needed service, and why banks which have some form of this service available have not brought the fact more forcibly before the eyes of the public.

There appears to exist on the part of many reputable concerns, so very careful in most matters, an almost unbelievable carelessness in the business of getting their pay-

roll from their bank to their office. And among individuals—how many could very well get along with only a fraction of the loose money which they carry around on their persons. Isn't it about time for the banks to combat this carelessness and thoughtlessness with all the means at their disposal?

More bank advertising directed against heedless methods of handling payrolls, and the unnecessary carrying on the part of individuals of large sums of cash would help, and while banks not having any specific services to offer as a remedy might not profit directly by such advertising, it should indirectly reflect back to their benefit through increases in deposits and larger balances of checking accounts.

MANY A BANK has good reason to point with particular pride to its record in connection with some specific phase of the conduct of its business. That a certain fact, for example, about the record which a bank has established in the matter of loans to its customers may be emphasized to advantage in its copy is well illustrated by a piece of copy of a Chicago bank which says in the introductory sentence: "This bank has never refused a loan to a customer on account of the condition of the money market."

This statement is not only one which any bank might

well be proud to be able to make, but it has been applied with striking effect as an introduction to the copy contained in the advertising of the bank in question.



As a good example of the relative appeal of actual human experience, as contrasted with the well-known fictitious instance, attention may be directed to an article in this department this month, relating the success of a Denver bank with the distribution of a booklet on budgeting.

This booklet was gotten up with the actual experiences of Denver people in budgeting as its basis, rather than emphasizing the theoretical value of the practice of keeping a budget, or citing imaginary or suppositional budgetary experiences.

What people who had actually kept a budget, had to say about how they had done it, took root, and a heavy demand for the booklet was prompt and continued. Furthermore, results show that most of the applicants made practical use of the booklet after they got it.

This bank paid twenty-five dollars for each of the twenty practical experiences which it put into the booklet, its appearance on a certain date was prominently announced in the local newspapers, and on the day following there were six hundred requests for it in five hours' time.

This Budgeting Booklet Brings Business

(Continued from page 891)

derly man, alone. Location: Capitol Hill.

2. \$100 monthly income. Young woman, employed. Location: South Denver.

3. \$100 monthly income. Mother and young daughter. Location: North Denver.

4. \$2,585 expenditure in 11 months. Three adults. Location: North Denver.

5. \$33 weekly income. Newlyweds. Location: North Denver.

6. \$250 income, wife's allowance \$115. Two adults. Location: Capitol Hill.

7. \$2,666 income 11 months. Two adults. Location: South Denver.

8. \$1,750 income 11 months. Two adults. Location: Capitol Hill.

9. \$2,230 income 11 months. Two and baby. Location: Capitol Hill.

10. \$854 expenditure 11 months. Four in family. Location: Capitol Hill.

11. \$1,744 for the year 1922. Four in family. Location: Capitol Hill.

12. \$200 monthly allowance for family of four. Location: Capitol Hill.

13. \$200 monthly for three in a small city. Location: Near Denver.

14. \$2,630 expenditure 11 months. Family of five. Location: Capitol Hill.

15. \$250 monthly income. Family of three. Location: Capitol Hill.

16. \$2,841 income 11 months. Family of four. Location: 7th Avenue district.

17. \$335 monthly income. Six in family. Location: Capitol Hill.

18. \$4,788 expenditure 11 months. Family of three. Location: North Denver.

19. \$5,000 a year. Six in family. Location: South Denver.

20. \$600 monthly income.

Who's Who in Bank Advertising



MISS MINNIE A. BUZBEE

Manager advertising department American Bank of Commerce and Trust Company, Little Rock, Ark.

MISS BUZBEE won last year the Arkansas State Bankers' Association first prize for the best series of six display advertisements on the relation of a bank to its community. She writes and prepares every word of the advertising of the Bank of Commerce—whether it is newspaper advertising, new business letters, campaigns, folders, booklets or screen advertising. Her work has been so original and so far from the stilted style so frequently affected that it attracts attention constantly. She is in demand as a contributor of articles on the various phases of financial advertising for leading magazines.

At the Financial Advertisers' Association convention in Atlanta last June, Miss Buzbee was one of the few women speakers. She was the only woman speaker before the Arkansas State Bankers' Association last May. Although the Advertising Club of Little Rock is composed principally of men, she was one of the organizers, and is a member of the board of directors of the club, as well as its secretary. Miss Buzbee is editor of "The American," house organ of the Bank of Commerce and Trust Company.

Are your personal finances bothering you?

Tomorrow morning at 10 o'clock the Colorado National Bank will begin giving out at its information desk, without charge, a booklet just off the press, telling in their own words:

How an elderly man, alone in Denver, lives on \$70 a month on Capitol Hill.

How a young woman supports herself, buys endowment insurance, and builds up a bank account on \$100 a month.

How a woman employed is supporting herself and educating her young daughter on \$100 a month.

How a mother, son and daughter have saved \$753 in the last eleven months out of two office-clerk salaries, a soldier's bonus and a few earnest hens.

How a pair of newweds are buying a home out of \$33 a week income.

How the wife of a well-known business man has managed her Capitol Hill apartment so as to save out of a monthly allowance of \$115 a total of \$90 in eleven months for rent and amusements, though paying \$50 monthly rent out of her allowance.

How a young couple since January have put into savings and investment a total of \$1,000, and a third of

pearing home, well furnished and kept in excellent repair.)

How a South Denver woman with four in family plans to give a title of \$174 "to the advancement of righteousness at home and around the world" and save \$183, all out of an income of \$1,744 for the year 1922.

How a family of four readjusted themselves to an income of \$300 a month when financial reverses came.

How a family of three lived on \$114.25 a month while buying a home in a small city near Denver.

How a family of five on Capitol Hill have paid \$650 on a home out of an income of \$2,700.

How a family of three saved \$590 in eleven months out of an income of \$250 a month.

Seventeen ways of economizing that are used by a wife and mother in the Seventh Avenue district with a family income of \$2,840 in eleven months.

This advertisement announced the appearance of the bank's new budgeting booklet

To eight in family. Location: Suburban Denver.

From the foregoing it will be noted that the selected experiences occurred in various sections of Denver, in families of various sizes, and that there was a great variety of income conditions. The bank took precautions to see that reports were dependable. In one case, No. 10, the figures were so remarkable that an investigator was sent to visit the family for detailed information. Further investigation only confirmed the report, however.

The Colorado National took all these experiences, and published them together in the 32-page booklet referred to. The experiences were given just as submitted, in the writer's own words, except for errors in spelling and the like. One page of the booklet was devoted to, "What is a Budget, and How is it Used?" leading off, and the back page was a narration of the Colorado National's efforts in behalf of budgeting. A sample budgeting form was reproduced, and the body of the booklet con-

tained page after page of personal experiences in budgeting.

Month by month through the coming year, the Colorado National will send out a budgeting bulletin to all who wish it. This will be specific, actual questions being answered to the extent possible. Around last New Year, a professional budgeteer was employed to give personal assistance to all who wished it. The response was not, however, very heavy, most people apparently feeling that they needed no help, or else hesitating to confide matters so personal to a stranger.

The newspaper advertisements which induced Denver people to visit the bank to get the booklet used the same method to get appeal that the booklet used—they were specific, in brief paragraphs telling the accomplishments of various budgeteers.

There seems ample cause to believe that budgeting is destined to become a much more extensive practice than it is at present. How best to present the subject, in advertising, is an important matter. The

Colorado National Bank's booklet of actual experiences shows one way. One fact stands out from others in connection with this method, and that fact is, *it injects human interest into the subject.* A budgeting system in itself is a thing of percentages and figures. Dry stuff! It shouldn't be, but the ordinary presentation of the subject far too easily becomes dry and uninteresting. Folks are human, in their shortcomings as well as their virtues. If newspapermen find it desirable—and they do—to develop a technique to create maximum human interest when dealing with a happening so naturally interesting as a murder, an accident, a battle or a prohibition raid, then certainly the bank, advertising budgeting interestingly, can well study

Some Denver Experiences in Budgeting during the first eleven months of 1921

Published for the information of those who are studying how best to adjust their expenses to their incomes during

1922

COLORADO NATIONAL BANK

OF DENVER
17th and Champa Sts.

Facsimile of cover of "personal experience" budgeting booklet distributed by the Colorado National Bank

But making the plan for the year is only the first step. In the final analysis, it will not be mere magic of budgeting, it will be dead-earnest control of expenditure, which will carry the family through the year, and enable it to put something by for the future. This control of expenditures is not going to be easy, but hard, in most cases. The standard of living in the United States has been rising with extreme rapidity for years now. An optimistic feeling about expenditure, a disposition to go the limit, has become a mass tendency which impels people everywhere to live up to their income, even when liberal. A study of the twenty experiences the Colorado National Bank published is an interesting demonstration of this. There are incomes of all sizes here, and quite evidently saving money on the larger ones in some cases perplexed the possessors as much as saving money on the smaller ones did others. The working out of budgeting implies that the budgeteer will



In the Far East Since 1853

SINCE 1853, when the Chartered Bank of India, Australia and China was granted a royal charter, the bank has been steadily increasing its service in the Far East until at present its own branches are located in all important commercial centers extending from India eastward to Japan.

Branches
and
Agencies

SINGAPORE
Rangoon
Tavoy

Ceylon
Colombo

CHINA
Canton
Hankow
Hongkong
Peking
Shanghai
Tientsin

FORMOSA
SWO-CHOW
Hailong

Directors

Sir Montague Cornish Turner, *Chairman*
 Sir Duncan Carmichael,
 Thomas Cuthbertson, Esq.,
 Sir Alfred Dent, K.C.M.G.,
 Sir William Henry Nevills Goschen, K.B.E.,
 Rt. Hon. Lord George Hamilton, G.C.S.I.
Chief Manager—W. E. Preston.
 Rt. Hon. Sir John Newell Jordan, G.C.I.E.,
 K.C.B., K.C.M.G.,
 William Foot Mitchell, Esq.,
 James Maxwell Grant Prophit, Esq.,
 Lewis Alexander Wallace, Esq.,
Managers—J. S. Bruce, G. Miller.

Capital and Reserve over \$30,000,000
Head Office, London

Statement December 31, 1921

ASSETS		LIABILITIES	
Cash in hand and at Bankers	\$3,188,616.45	Capital, 88,000 Shares of 10 each	\$8,800,000.00
Surplus on Hand and in Transit	5,000,000.00	Reserve Fund	10,000,000.00
U.S. Government Bonds	1,000,000.00	U.S. Government Bonds	\$4,543,750.00
Borrowings Under Federal Reserve Bank	9,000,000.00	Current and Other Advances, including	
and Liabilities		U.S. Government Bonds	
Bills of Exchange, including Treasury		and Contingencies	\$21,800,000.00
Notes	\$1,212,619.39		\$1,546,750.00
Time Deposits and Loans	\$2,679,339.39		
Other Assets			
per Centa	15,191,913.43	Notes, Bonds, demand and at short	
U.S. Government and Government		term on Hand and on Branches	
Securities		and other Assets	\$1,476,000.00
Supply Advance, including Exchange	4,964,126.01	Notes, Bonds, demand and at short	
on Hand and in Transit		term on Hand and on Branches	
and Liabilities		and other Assets	\$389,204.34
U.S. Government and Government		Securities	\$3,272,913.43
Securities		on Hand and in Transit	
and Liabilities		and other Assets	\$4,800,000.00
U.S. Government and Government		Securities	
Securities		on Hand and in Transit	
and Liabilities		and other Assets	\$1,662,275.00
U.S. Government and Government		Securities	
Securities		on Hand and in Transit	
and Liabilities		and other Assets	\$1,543,750.00
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THE NEW YORK AGENCY grants drafts on London, the Continent of Europe, Canada and South America as well as the Far East; buys and receives for collection bills of exchange; issues commercial and travelers' letters of credit and transacts all other forms of international banking.

Chartered Bank of India
Australia and China
New York Agency, 44 Beaver Street

New York Agency, 44 Beaver Street
William Baxter, Agent

Skill in layout and arrangement of copy has enabled this advertisement to include a list of directors, statement of condition, and a list of branches, without detracting from readability or general effectiveness

develop, if necessary spartan stuff.

These experiences in Denver reveal how real people tackle their money problem and work it out. Economies, intimate phases of home management, are revealed.

Common-sense observations, in fact, are numerous throughout the published booklet. "This matter of a false front," writes No. 9, "or leading the other fellow to think you are what you are not, does not bother either of us, as we both know what comes in and what our limit is. Always we do not try to put on a flash front."

“Even though we live in a furnished apartment,” narrated No. 8, “my wife does her own washing and ironing in the laundry on the day allotted. In renting the apartment we considered its location, so that

I could walk to and from work and my wife could walk to and from shopping district."

"I make practically all my daughter's clothes," recounted No. 3. "I am unable to dress as well as the average business woman, but do not think I am conspicuously shabby." The report of this woman told how she supported herself and a 15-year-old daughter on \$100 a month, saved 10 per cent. of her income, carried life insurance of \$1,000, and educated her daughter.

Not all experiences reported were wholly successful. Number 19 figured a budget for the year on the basis of \$5,000. This was a young lawyer and his wife and four children. The budget was exceeded by about 10 per cent., but in the keeping of it determination had been born, for in the fall of the

SIMPLIFY FUTURE INCOME TAX RETURNS

An accurate record of the amount and source of income will not only simplify your future income tax problems but may also be the means of effecting a saving in money.

Our Custodian Department will assume the care of securities, collect and remit income, furnish a detailed statement of every transaction, and submit a yearly recapitulation for income tax purposes.



THE BANK OF AMERICA

ESTABLISHED 1812

Manhattan and Brooklyn

Timeliness again. This New York bank's advertisement first appeared on March 17, two days after the last day for filing Federal income tax returns

year the family sold the automobile, figuring that thereby another year they could keep within \$5,000. The automobile had been costing them \$40 a month besides an estimated \$30 a month for deterioration.

That little incident brings us to consider another aspect of specific, actual-experience matter—its inspirational possibilities. We know, anyone knows, without further information, that it took courage for a family which had been owning a car to sell it and go without. The comment it would cause in the neighborhood, the explanations to friends, are such big things that in other cases they keep many families owning cars when otherwise they would not, realizing the burden of expense was more than the family could well bear.

Such acts of personal courage, indeed, are bound to at-

tend the successful adoption of budgeting by an enormous number of families. Such examples as this, out of real life, will help others to rise to personal courage.

When the booklet on budgeting was first advertised, and applicants began to pour in for it, the advertising manager, Mr. Ball, found an inconspicuous viewpoint on the first floor of the bank, and from there observed and studied the applicants. All occupations, businesses and professions, as well as all ages, were represented, but there was one outstanding, predominant type. It was the young married couple, just getting up against the seriousness of life in a business proposition; the young people who wanted to save, but who to date realized they had not found out how, who thought in some cases that they had made

a sorry mess of it. This type of married couple composed a very large percentage of the booklet applicants. These are the people most interested in the subject of budgeting to date, the people who need the system most, and, finally, the people most ready to respond to educational efforts.

The kind of advertising matter best planned to interest, persuade and inspire young married people of this type, the writer believes, is specific, human interest, real-life copy, such as the Colorado National is now using.



How Banks Are Advertising

PHOTOGRAPHS of farms in the western mountain states, exceptionally well taken, and graphically and artistically reproduced on velvet finish paper, are contained in a booklet of generous proportions sent out by the Farm Loan Department of the Farmers Trust Company, Denver.

The purpose of the booklet, as stated in an introductory paragraph, is to place before investors, both by picture and by statement of fact, authentic information regarding the size, wealth, stability, permanence and dependable character of the mountain states' farms offered as security under the company's first mortgage farm loans.

A THOROUGH ANALYSIS of the many problems which confront persons who must pay State income taxes is contained in the booklet "New York State Income Tax Law: Practical Questions and Answers," issued by the Irving National Bank of New York.

This book is the latest of several published by the Irving in recent years on Federal and State income tax legislation. Its appearance a fortnight before the date for filing State

income tax returns gives it special value. It is a book of 48 pages, divided into three parts. In the first section, a wide range of puzzling problems is covered in question and answer form. The second section contains a calendar of dates on which State income taxes must be paid. The third section includes the text of the State Income Tax law, with amendments up to date.

"TRADE WINDS," is the title of a sixteen page magazine shortly to be issued by the Union Trust Company, Cleveland.

The magazine will discuss general business conditions, and will include accounts of tendencies in selling, buying, industrial relations, and other business and industrial problems.

The majority of the articles will be written by well-known Cleveland business men. The first issue will contain an article on "What is the Matter With Distribution?" by Adrian Joyce, president of the Glidden Company, and an outline of business conditions by J. R. Nutt, president of the Union Trust Company. Allard Smith, vice-president of the company, says about the publication:

Trade Winds will be edited by business men for business men. It will not be the usual business forecaster, but rather a publication showing broad business tendencies as they are indicated by the leading industrial executives of the city.

The Union Trust Company believes Cleveland business men, who for one reason or another are unable to call at the bank to obtain information on conditions and tendencies at first hand, will be glad to receive Trade Winds as an expression of the ever urgent question: "How is business and where is business going."

THE CLEARING HOUSE KEY, house organ of the Riggs National Bank, Washington, D. C., is rather unusual in make-up in that multigraphed sheets are used in the place of the customary printed pages. This departure from the usual procedure does not seem to work in any way to the detriment of the publication, which is very

attractive in general appearance, and the pages of which make very easy reading. The issue at hand gives a full de-

scription, with drawings of the plans, of the proposed additions and remodelling of the present bank building.

Why I Am Going To Attend The Financial Advertisers' Convention At Milwaukee in June

By Earl R. Obern

Assistant Cashier Old National Bank, Battle Creek, Mich.

THIS is written and directed to the man who has never yet attended a convention of the Associated Advertising Clubs of the world. Those who have attended will never miss another convention, if it is at all possible to be there, barring sickness, death or other causes beyond their control. But, how about the man who has never attended and each year says to himself, "Guess I'll wait until next year." "Measuring your job by the 'next year' stick never did bring more customers to your bank, nor added one more page to a savings ledger.

Picture yourself first of all on a train to Milwaukee this June. Then, you step off the train and from that minute you start to reap the reward for your time and expense. You are whisked to hotel, where all possible is done to make you comfortable and give you unusual service, although the city is crowded with "ad men." But, after meeting the other advertising men of the "world" and saying "hello" to Bill and Jack, you finally attend a session of the Financial Departmental of the Associated Clubs. This is the largest departmental of the Associated Clubs, and you find yourself proud of this fact when it comes to the program of the meeting.

When the first speaker is put on the program and talks about how much "such and such" an advertising campaign brought real results—then you take your little notebook and jot down the points—and not only

that—but it brings to mind some phase that you could fit into some activity back home. When I attended the convention at Indianapolis I came back with a whole notebook full of ideas—and I was thoroughly sold on several of them. Although I did not use them all, it helped me to make my present plans more efficient, because I injected some of the ideas gained at the convention. I adopted one plan which built up a mass of good will that has created a large amount of business with the bank I was connected with at that time. Suppose you came back home with only one big idea that you could adopt. No doubt it would be the means of bringing a large share of new business to your institution—and if so—the time and money spent on the convention would be a mere trifle.

Thousands of advertising men would not attend the convention if they did not think it worth while. Ask any man who attended the Financial Advertiser's convention last year at Atlanta—write them—quiz them—and you'll find to a man they have already decided to go—and the president of the bank is glad that they are, for he knows that the advertising man who returns is a new man—with new plans and ideas—with renewed ambition and energy to make the next year the best year in the history of his bank. All you men—and ladies, too—who were not going—I will see you at Milwaukee in June!

Bank Advertising Exchange

NOTICE

At the suggestion of some of those whose names are on this list we have rearranged it alphabetically according to cities. We believe you will find this arrangement more convenient.

- Albany, N. Y., Albany City Svgs. Institution, F. H. Williams, treas.
 Asbury Park, N. J., Asbury Park Tr. Co., W. C. Rogers, secy.-treas.
 Asheville, N. C., Hackney & Moale Co., P. E. Morrow.
 Atlantic, Iowa, Iowa State Bank, H. M. Butzloff, asst. cash.
 Baltimore, Md., Nat'l Bank of Baltimore, W. B. Thurston, Jr., mgr. for. dept.
 Boston, Mass., Internat'l Tr. Co., T. F. Megan, asst. secy.
 Boston, Mass., Nat'l Shawmut Bank, A. L. Winship, V. P.
 Boston, Mass., Old Colony Tr. Co., E. H. Kittredge, pub. mgr.
 Brenham, Tex., 1st Nat'l Bank, A. Schlenker, cash.
 Brooklyn, N. Y., Home Svgs. Bank, V. M. Powell, secy.
 Brooklyn, N. Y., Williamsburgh Svgs. Bank, B'way & Driggs Ave., V. A. Lersner, comp.
 Bruxelles, Belgium, Moniteur des Interets Maternels, 27 Place de Louvain.
 Buffalo, N. Y., Citizens Tr. Co., R. Block, pub. mgr.
 Buffalo, N. Y., Fidelity Tr. Co., W. D. Lampman, asst. pub. mgr.
 Buffalo, N. Y., Marine Tr. Co., W. H. Johnson, adv. mgr.
 Cambridge, Mass., Guaranty Tr. Co., L. A. Frost, V. P.
 Chambersburg, Pa., Chambersburg Tr. Co., F. A. Zimmerman.
 Charleston, W. Va., Charleston Nat'l Bank, C. F. Snyder, Jr., adv. mgr.
 Chattanooga, Tenn., American Tr. and Bkg. Co., E. L. Smith, asst. cash.
 Chattanooga, Tenn., Chattanooga Svgs. Bank, J. V. Holdam, adv. mgr.
 Chattanooga, Tenn., 1st Tr. & Svgs. Bank, J. H. McDowell.
 Chester, Pa., Pennsylvania Nat'l Bank, E. C. Burton, V. P.
 Chicago, Ill., American Press League, 11 S. La Salle St., T. J. Sullivan, pres.
 Chicago, Ill., R. E. Bauder, 738 S. Michigan Ave.
 Chicago, Ill., Englewood State Bank, 63rd St. & Yale Ave., E. N. Baty, mgr. new bus. dept.
 Chicago, Ill., Liberty Tr. & Svgs. Bank, A. L. Rosenthal, asst. cash.
 Chicago, Ill., Merchants Loan & Tr. Co., C. A. Gode, adv. mgr.
 Chicago, Ill., Nat'l City Bank.
 Chicago, Ill., Northwestern Tr. & Svgs. Bank, F. G. Heuchling, V. P.
 Chicago, Ill., State Bank of Chicago, E. L. Jarl, asst. cash.
 Chicago, Ill., Union Tr. Co., P. L. Hardesty, adv. mgr.
 Chicago, Ill., Woodlawn Tr. & Svgs. Bank, T. Jessup, asst. cash.
 Clarksville, Tenn., 1st Nat'l Bank, M. A. Bland, V. P.
 Cleveland, Ohio, Central Nat'l Bank Svgs. & Tr. Co., R. J. Izant, adv. mgr.
 Cleveland, Ohio, Cleveland Trust Co., C. K. Matson, pub. mgr.
 Cleveland, Ohio, Garfield Svgs. Bank, E. V. Newton, mgr. new bus. dept.
 Cleveland, Ohio, Reliance Tr. Co., E. J. MacNab, asst. secy.
 Cleveland, Ohio, Union Tr. Co., C. H. Handerson, pub. mgr.
 Clinton, Iowa, City Nat'l Bank, A. C. Smith, pres.
 Corona, Cal., 1st Nat'l Bank, P. L. Hudson, asst. cash.
 Danielson, Conn., Danielson Tr. Co., C. H. Starkweather, treas.
 Dayton, Ohio, Nat'l Cash Register Co., H. W. Karr, dir. pub.
 Denver, Colo., Denver Nat'l Bank, G. T. Wells, asst. cash.
 Detroit, Mich., Security Tr. Co., H. B. Grimm, mgr. bus. ext. dept.
 Elizabeth City, N. C., 1st & Citizens Nat'l Bank, M. H. Jones, asst. cash.
 Elmira, N. Y., 2nd Nat'l Bank, H. E. Mallory, adv. mgr.
 Emporium, Pa., 1st Nat'l Bank, C. R. Zimmer.
 Evansville, Ind., City Nat'l Bank, J. C. MacCorkle, pub. mgr.
 Evansville, Ind., Old State Nat'l Bank, A. F. Bader, asst. cash.
 Flint, Mich., Citizens Commercial & Svgs. Bank, H. E. Potter, asst. cash.
 Flint, Mich., Industrial Svgs. Bank, A. T. Smith, mgr. special serv. dept.
 Gardner, Mass., Gardner Tr. Co., R. E. Merrill.
 Greenville, Pa., Farmers & Merchants Tr. Co., M. M. Simons, asst. treas.
 Greenville, S. C., American Bk. & Tr. Co., R. Anderson, cash.
 Greenville, S. C., Woodside Nat'l Bank, J. L. Williams, V. P.
 Haverhill, Mass., 1st Nat'l Bank, C. K. Wormwood, adv. mgr.
 Indianapolis, Ind., Fletcher Svgs. & Tr. Co., L. A. Buennagel, mgr. serv. dept.
 Ithaca, N. Y., 1st Nat'l Bank, W. A. Boyd, V. P.
 Jacksonville, Fla., Atlantic Nat'l Bank, J. M. Quincey, asst. cash.
 Jacksonville, Fla., Barnett Nat'l Bank, E. G. Haskell.
 Jacksonville, Fla., United States Tr. Co., B. W. Lanier, secy.
 Joliet, Ill., Will Co. Nat'l Bank, F. R. Adams.
 Kankakee, Ill., City Tr. & Svgs. Bank, A. M. Shoven, cash.
 Kansas City, Mo., Commerce Banks, F. M. Staker, mgr. pub. dept.
 Kansas City, Mo., Kansas City Terminal Tr. Co., H. G. Hunter, V. P.
 Lansing, Mich., Capital Nat'l Bank, H. D. Bennett, asst. cash.
 Lima, Peru, S. A., Banco Mercantil Americano del Peru.
 Little Rock, Ark., American Bank of Commerce & Tr. Co., M. A. Buzbee, adv. mgr.
 Los Angeles, Cal., 1st Nat'l Bank & Tr. & Svgs. Bank, R. M. MacNennon, adv. mgr.
 Los Angeles, Cal., Hellman Com'l Tr. & Svgs. Bank, D. R. Branham, dir. pub.
 Los Gatos, Cal., 1st Nat'l Bank, C. F. Hamsher, pres.
 Louisville, Ky., Nat'l Bank of Kentucky, F. C. Adams, mgr. pub. dept.
 Madrid, Spain, Banco Hispano Sulzo, Para Empresas Electricas, Plaza Canalejas 3, E. C. Hirt.
 Madison, S. D., Lake Co. Nat'l Bank, T. A. Wadden, V. P.
 Meridian, Miss., Merchants & Farmers Bank, M. Kerton, mgr. svgs. dept.
 Milwaukee, Wis., Second Ward Securities Co., R. P. Hammond, bus. serv. dept.
 Minneapolis, Minn., Farmers & Mechanics Svgs. Bank, T. H. Wallace.
 Minneapolis, Minn., Minnesota Loan & Tr. Co., R. Reese.
 Minneapolis, Minn., Northwestern Nat'l Bank, F. Merrill, adv. mgr.
 Monterey, N. L., Mex., A. Zambrano, Jr., care of A. Zambrano y hijos, Apartado No. 6.
 Montreal, Que., Bank of Hochelaga, 112 St. James St., H. G. Gonthier, dir. pub.

Newark, Ohio, Home Bldg. Ass'n Co., E. M. Baugher, pres.
 New Orleans, La., Canal-Com'l Tr. & Svgs. Bank, H. B. Caplan, adv. dept.
 New Orleans, La., Hibernia Bk. & Tr. Co., F. W. Ellsworth, V. P.; W. E. Brown, adv. mgr.
 Newport News, Va., 1st Nat'l Bank, D. L. Downing, asst. cash.
 N. Y. C., American Express Co., S. D. Malcolm, gen. mgr. adv. dept.
 N. Y. C., American Union Bank, R. Stein, asst. cash.
 N. Y. C., Banco di Roma, 1 Wall St., Rodolfo Bolla, American representative.
 N. Y. C., The Bankers Magazine.
 N. Y. C., Bank of America, 44 Wall St., W. Woolford.
 N. Y. C., Chatham & Phenix Nat'l Bank, N. P. Gatling, V. P.
 N. Y. C., Equitable Tr. Co., A. DeBebian, adv. mgr.
 N. Y. C., Henry L. Doherty & Co., 60 Wall St., T. B. Pratt.
 N. Y. C., Farmers Loan & Tr. Co., C. M. Rittenhouse.
 N. Y. C., Guaranty Trust Co., H. W. Carlisle, pub. mgr.
 N. Y. C., A. E. Higgins, adv. serv., 2929 B'way.
 N. Y. C., Hoggson Bros., 485 5th Ave., E. L. Wight, pub. mgr.
 N. Y. C., Internat'l Bkg. Corp., R. F. Crary, asst. cash.
 N. Y. C., Mechanics & Metals Nat'l Bank, F. W. Gehle, mgr. adv. dept.
 N. Y. C., Metropolitan Tr. Co., E. S. Van Leer.
 N. Y. C., Morris Plan Bank, 261 B'way, W. D. McLean, V. P.
 N. Y. C., New York Tr. Co., E. Langstroth.
 N. Y. C., North Side Svgs. Bank, A. E. Kirich, secy.
 N. Y. C., Seaboard Nat'l Bank, E. M. Hutchins, pub. mgr.
 N. Y. C., S. W. Strauss & Co., 5th Ave. at 46th St., H. B. Mathews, adv. mgr.
 N. Y. C., Union Bank of Canada, 49 Wall St., A. G. Sclater.
 Norfolk, Va., Seaboard Nat'l Bank, W. V. Capps, adv. mgr.
 Norfolk, Va., Tidewater Bank & Tr. Co., G. W. C. Brown, asst. secy.
 Norfolk, Va., Virginia Nat'l Bank, R. J. Alfriend, Jr., asst. cash.
 Oak Park, Ill., Oak Park Tr. and Svgs. Bank, L. A. Claraham, mgr. new bus. dept.
 Paterson, N. J., 2nd Nat'l Bank, W. Van Blarcom, asst. cash.
 Pendleton, Ore., American Nat'l Bank, J. De Wilde, pub. mgr.
 Phila., Pa., 4th St. Nat'l Bk., J. T. A. Hosbach.
 Phila., Pa., Phila. Nat'l Bank, W. R. D. Hall, com'l serv. dept.
 Phila., Pa., R. H. Thompson, 1524 Chestnut St.
 Phila., Pa., Tradesmen's Nat'l Bank, H. E. Deily.
 Pine Bluff, Ark., Cotton Belt Svgs. & Tr. Co., L. E. Bassett.
 Pine Bluff, Ark., Merch. & Planters Bank, R. W. Etter.
 Pittsburg, Pa., Mellon Nat'l Bank, J. M. Williams, pub. mgr.
 Pittsburgh, Pa., W. H. Siviter, 122 Dithridge St.
 Prague, Czechoslovakia, Bohemian Industrial Bank, head office.
 Raleigh, N. C., Citizens Nat'l Bank, R. A. Brown, asst. secy.
 Raleigh, N. C., Com'l Nat'l Bank, E. E. Culbreth.
 Richmond, Va., Planters Nat'l Bank, R. E. Hotze, Jr., adv. mgr.
 Richmond, Va., Virginia Tr. Co., W. Scott, V. P.
 Ridgewood, N. J., 1st Nat'l Bank, L. F. Spencer, V. P.
 Ripon, Wis., 1st Nat'l Bank, W. R. Dysart, cash.
 Rochester, N. Y., East Side Svgs. Bank, C. C. Davy, atty.
 Rochester, N. Y., Union Tr. Co., A. J. Meyer, pub. dept.
 Rome, Italy, Banco di Roma, head office.
 San Antonio, Tex., Central Tr. Co., D. Ansley.
 San Francisco, Cal., Abbott-Brady Prtg. Corp., 460 4th St., L. G. Peede, bk. serv. dept.

San Francisco, Cal., Security Bk. & Tr. Co., W. F. Morrish, V. P.
 San Francisco, Cal., Union Tr. Co., M. Newman, asst. cash.
 Scranton, Pa., Anthracite Tr. Co., L. A. Hagerty, asst. treas.
 Scranton, Pa., 3rd Nat'l Bank, J. E. Williams, asst. cash.
 Shanghai, China, American Oriental Bkg. Corp., F. J. Raven.
 Shelbyville, Ill., J. C. Eberspacher, asst. cash.
 Sioux Falls, S. D., Sioux Falls Nat'l Bank, J. W. Wadden, pres.
 Smithtown, N. Y., Nat'l Bank of Smithtown, J. A. Overton, cash.
 South Bend, Ind., Indiana Svgs. & Loan Ass'n, J. C. Stover, secy.
 Spokane, Wash., Old Nat'l Bank, A. F. Brunkow, pub. mgr.
 Spokane, Wash., Union Tr. Co., W. J. Kommers, pres.
 St. Joseph, Mo., 1st Nat'l Bank, L. J. Morgan, adv. mgr.
 St. Louis, Mo., Liberty Central Tr. Co., J. V. Corrigan, pub. mgr.
 St. Louis, Mo., Mercantile Tr. Co., S. P. Judd, pub. mgr.
 St. Louis, Mo., Nat'l Bank of Commerce, W. B. Weisenburger, adv. dir.
 Stockholm, Sweden, Aktiebolaget Svenska Handelsbanken, P. G. Norberg.
 Stroudsburg, Pa., C. B. Keller, Jr., cash.
 Tampa, Fla., Citizens Bank & Tr. Co., L. A. Bize, pres.
 Toledo, Ohio, Com'l Svgs. Bk. & Tr. Co., J. H. Streicher, new bus. dept.
 Toronto, Canada, Canadian Bank of Commerce, F. C. Biggar, head office.
 Toronto, Canada, H. J. Coon, 68 Farnham Ave.
 Toronto, Canada, Home Bank Monthly, Home Bank of Canada.
 Trenton, N. J., Mechanics Nat'l Bank, C. K. Withers, tr. off.
 Tuscaloosa, Ala., City Nat'l Bank, S. F. Claibough, cash.
 Utica, N. Y., Svgs. Bk., H. W. Bell, dir. serv.
 Warren, Pa., Warren Nat'l Bk., E. W. Johnson.
 Washington, D. C., Federal Nat'l Bank, John Poole, pres.
 Washington, D. C., Union Tr. Co. of D. C., 15th & H Sts., W. S. Lyons.
 Washington, D. C., Washington Loan & Tr. Co., E. H. Thomson, pub. mgr.
 Watertown, N. Y., Jefferson Co. Nat'l Bank, R. W. Oakes, asst. cash.
 Wausau, Wis., Marathon Co. Bank, H. C. Berger, cash.
 Waynesboro, Pa., 1st Nat'l Bank, J. E. Guy, mgr. serv. dept.
 Wellsboro, Pa., 1st Nat'l Bank, L. M. Matson, adv. dept.
 Westchester, Pa., Farmers & Mechanics Tr. Co., J. C. Hall.
 Wilkes Barre, Pa., Luzerne Co. Nat'l Bank, W. J. Ruff, cash.
 Wilkes Barre, Pa., Wyoming Nat'l Bank, W. M. Sherrill, mgr. new bus. dept.
 Wilmington, N. C., Wilmington Svgs. & Tr. Co., C. E. Taylor, Jr., pres.
 Winnipeg, Manitoba, Union Bank of Canada, J. H. Hodgins, mgr. pub. dept.
 Winston-Salem, N. C., Buck & Glenn, Inc., C. L. Glenn, secy.
 Winston-Salem, N. C., Wachovia Bank & Tr. Co., P. Garner, pub. mgr.
 Youngstown, Ohio, 1st Nat'l Bank, J. N. Higley, pub. mgr.
 Yuma, Ariz., Security Tr. & Svgs. Bank, J. O. Blithen, cash.
 Zurich, Switzerland, J. Muller, 49 Sonneggstrasse.
 Zurich, Switzerland, Union de Banques Suisses, H. de Muralt, sub-mgr.



New Names

Boston, Mass., State St. Tr. Co., R. M. Eastman, asst. to Pres.
 Buffalo, N. Y., Peoples Bank, P. E. Ilman, V. P.

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THIS new building of the Harlem Branch of the Columbia Trust Company of New York ranks amongst the most beautiful structures of the district.

The dignified Colonial treatment of the exterior is in keeping with the best traditions of American bank architecture. The interior fittings and equipment are modern in every respect.

This building was designed and executed under the supervision of

Alfred C. Bossom

Bank Architect and Equipment Engineer

680 Fifth Avenue, New York

Correspondence Invited



Stapleton National Bank of Stapleton, Staten Island

New Home of Stapleton National Bank

THE Stapleton National Bank of Stapleton, Staten Island, N. Y., has found it necessary to erect a new building in order to provide for the steadily increasing business which had made the old quarters inadequate. The institution, now nineteen years old, has not only been successful to a gratifying degree, but has provided banking facilities in a community where there are needs and problems very seldom met elsewhere. The new building has been designed with specific reference to these needs, and the splendid progress of the bank in the esteem and use of local business people is certain to be continued and accelerated.

A new banking house should be, and usually is, an expression of the sound policies which have proven successful in managing the bank. At Stapleton this is the case, and since the peculiar local conditions require special policies in addition to the sound and conserva-

tive banking principles, which every depositor has a right to expect, a description of the situation will prove interesting to bankers in other localities and to residents of Stapleton.

THE BANK'S NEW BUILDING

The bank purchased the two buildings, Nos. 65-66 Canal street, adjoining its main building, and these being promptly removed the work on the new structure was started in the early part of July, 1921. The structural connection of the old and new buildings called for the complete remodeling of the main banking office, so that today there stands a monumental banking structure on one of the most conspicuous corners in the center of Stapleton, with a frontage of 165 feet on Bay street and 45 feet on Canal street—a structure which is significant of strength and security.

The fronts on both Bay and Canal



MAIN BANKING ROOM

The central dome over the banking room with the help of the indirect lighting system provides sufficient light



CHARLES A. BRUNS
President



MARTIN H. SCOTT
Vice-president and cashier

streets are built of artistic, pressed red brick, with ornamental light gray limestone trimming, and the large bronze double doors of the main entrance, flanked by two heavy fluted columns, increase the graceful and pleasing appearance of this impressive building now recognized as a credit to the banking industry as well as to the Borough of Richmond.

The purpose sought in the interior arrangement of the building has been service, and the aim of the directors has been to meet the needs of a progressive and growing community.

Entering the bank from Bay street, one is impressed by the genuine dignity and harmony of the surroundings. Everything is solid and substantial, and the color scheme has been so perfectly worked out that nothing jars or clashes, and the architect, James Whitford, may well be proud of his achievement.

The white Italian marble forming the

screen is a work of art and extends the entire length of the Bay street front and more than half the length on the Canal street side, matching in design and color the wainscoting surrounding the lobby and customers' room.

The high ceiling of the main banking office is artistically designed and ornamented with heavy plaster panels, beautifully decorated to blend with the colors of the art glass in the central dome of the building. Artificial illumination is provided by indirect lighting and the exposed fixtures are of bronze.

At the left, as you enter the office, are the ladies' special banking room and the private rooms for customers of the safe deposit vault department.

At the extreme right at the end of the screen on the Canal street side are the officials' quarters and the directors' room, which are all open and accessible, and also a consultation room which may be closed if privacy is desired.



This view taken from the rear of the room shows the ladies' alcove and tellers' windows

This provision of a separate room for women is a recognition by the bank of their increasing activity in commercial affairs, and an effort to provide an attractive place with special facilities where they may feel welcome and where they may transact business conveniently. The same idea of making customers welcome has been applied in the lobby, which is large and handsome, with sufficient wickets and desks to insure quick service and thoughtful provision of facilities which the customer has every right to expect in his bank. The bank has also made access to safe deposit boxes by customers who rent them very convenient, and has provided private rooms where they may arrange and work on their documents and valuables in comfort and seclusion. One more step has been taken—a very modern one—that of placing the officers where they are accessible to those persons whose business is something more than transactions over the counter.

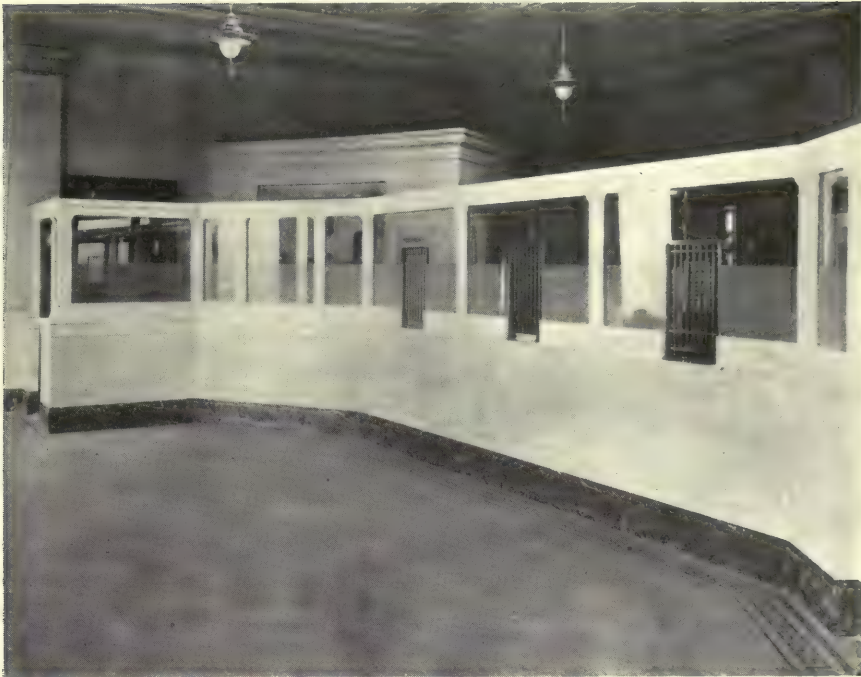
SAFE DEPOSIT VAULT

The money and safe deposit vault inside the screen is 8 feet wide, 10 feet deep and 8 feet high, built of manganese steel surrounded with reinforced concrete and steel. The floor and roof are also of concrete and steel and the heavy door, weighing 10 tons, with its time lock and other protective features, add security to the bank's "strong box." The vault is conveniently located in plain view from the street as well as from all parts of the office and is as burglar and fire proof as vault builders can design, thereby offering to the people of the community the very greatest means of protection possible.

In the vault there are a large number of safe deposit boxes of various sizes which the bank rents to its customers at modest prices from \$3 to \$10 per year.

FOUNDING OF THE BANK

The story of successes of the Stapleton National Bank during its existence



The entrance to the vaults is directly behind these windows at the rear of the banking room

of nineteen years is impressive and contains some striking features. It was the first national bank organized in Stapleton, and opened its doors for business in January, 1903, occupying a small building at 225 Bay street, which it rented and remodeled in a modest way into a banking office. With these small quarters and a capital of \$100,000, the bank started to build a reputation and a surplus. The policy has always been for safe, sound and conservative banking. The interests of the depositors and the service to be rendered them have always been and are now uppermost in the minds of the officers and directors.

The conservative policy of the directors has been forcibly indicated by their act in reserving all earnings, no dividends having been paid to stockholders until surplus earnings had accumulated to \$50,000 or a sum equal to one-half the paid in capital, thereby creating a further guarantee of protection to the depositors.

In 1911, or about eight years after starting business, the bank found it necessary to have larger quarters in which to handle the increased volume of business, and, therefore, built its own building at Bay street and Canal street opposite the Stapleton Park and a block and a half from the railroad depot of the Staten Island Rapid Transit Railway Company.

GROWTH OF DEPOSITS

The bank has shown a steady upward climb since the beginning, as evidenced by the following comparisons:

	Deposits	Total Resources
1908.....	\$353,000	\$632,000
1911.....	516,000	777,000
1921.....	1,170,000	1,551,000

The present protection to depositors, including capital, reserve and undivided



Bookkeeping department

profits, is over \$269,000, as compared with \$100,000 in 1903.

Situated in the heart of Stapleton, accessible to two lines of trolleys and one steam railroad—and directly in the center of America's great chain of 1000-foot piers recently erected by the municipality of the City of New York, the Stapleton National Bank may reasonably expect that its future growth will far exceed that of the past.

The advantages of Staten Island and particularly the east shore from St. George to Clifton have not been generally understood or appreciated in the past, but with the huge development of its extensive waterfront and the proposed tunnel to Brooklyn, it will soon be one of the most important commercial sections of the greatest port in the world. Shipping interests are now realizing Staten Island's unique position as the only borough in Greater New York having direct all-rail connection with the trunk lines of New Jersey to the

West and South independent of float or lighter systems. Increased facilities for commerce will require increased facilities for banking, and, with this thought in mind, the directors have prepared for the new era that is certain to come to this locality. As the commerce and population of Staten Island grow so surely will increase the prosperity of this bank and the community in which it is located.

OFFICERS AND DIRECTORS

The first president of the Stapleton National Bank was Ferdinand C. Townsend, an able and efficient certified accountant with special executive ability, and his strong personality helped to build up the institution and to maintain the confidence of the public. After serving seven years, Mr. Townsend found he could no longer give sufficient time to the growing demands of the bank and although refusing a reelection



Board room

as president, still continued as a director, taking an active part in the affairs of the institution.

Charles A. Bruns, the second and present president, was born in 1867 in Jersey City, N. J., and has lived on Staten Island for over thirty-two years. At the time of assuming the duties of president of this bank, Mr. Bruns was and still is a trustee of the Staten Island Savings Bank and the president of the East India Tea Company of Stapleton, with eleven branch stores in various parts of the Borough of Richmond. He resides at 13 Tompkins street, a short distance from the bank, and is accessible at all times.

The bank is exceptionally fortunate in having a man at its head who combines practical experience with progressive ability, a qualification so essential in any community.

Robert D. Kent of Passaic, N. J., one of the founders of the Stapleton Na-

tional Bank, has served as vice-president since its inception, and his experience in organizing similar institutions is quite extensive, totaling eight banks and trust companies in various localities.

Mr. Kent is also the president of the Merchants Bank of Passaic, vice-president of the Port Richmond Bank of Staten Island, and his banking experience, covering forty years, is a valuable asset to this institution and his advice is frequently sought by the organization.

Vice-President Martin Henry Scott is also the popular and energetic cashier; a man with extensive banking experience, covering a period of thirty-three years, and who, having an attractive personality, has made many friends for this bank since he assumed its management in 1907.

Mr. Scott was born in Newark, N. J., in the year 1867 and was for many years connected with the Asbury Park National Bank and the Seacoast Nation-

al Bank. He resides at 146 Norwood avenue, Clifton, a short distance from the bank, and his ability combined with his willingness to serve the requirements of local depositors at all times has been reflected in the growth of the bank during his connections with it during the past fourteen years.

Vice-President A. B. Pouch of New Brighton, Staten Island, has been a resident of Staten Island for over thirty years and a director of this bank since its inception. He is also president of the American Dock Company and Pouch Terminal, Inc., which have extensive docks and warehouses in the neighborhood of the bank.

The directors are: Charles A. Bruns, president East India Tea Company; John G. Clark, counsellor at law; William Horrmann, president Rubsam & Horrmann Brewing Company; Robert D. Kent, president Merchants Bank of Passaic; William E. Horn, president Centre Market; Ernest R. Moody, vice-president Port Richmond National Bank; Alonzo B. Pouch, president American Dock and Pouch Terminals; Frederick Rohde; Martin Henry Scott, vice-president and cashier Stapleton National Bank; Ferdinand C. Townsend, president Townsend, Dix & Pogson; William J. Welsh, president New York and Richmond Gas Company.

With the exception of Mr. Kent, all the officers and directors are residents of Staten Island and are men of affairs with broad and varied experience, capable of handling the business of a bank of this size and kind.

The directors comprise some of the most successful and influential business men in this section and have the respect and confidence of the whole community which promises a future even greater than the past.



Stopping a Bank Run

P. G. HUGHES, cashier of the Stockmen's Bank of Cascade, Montana, stopped a run on his bank before it got well started. The run was

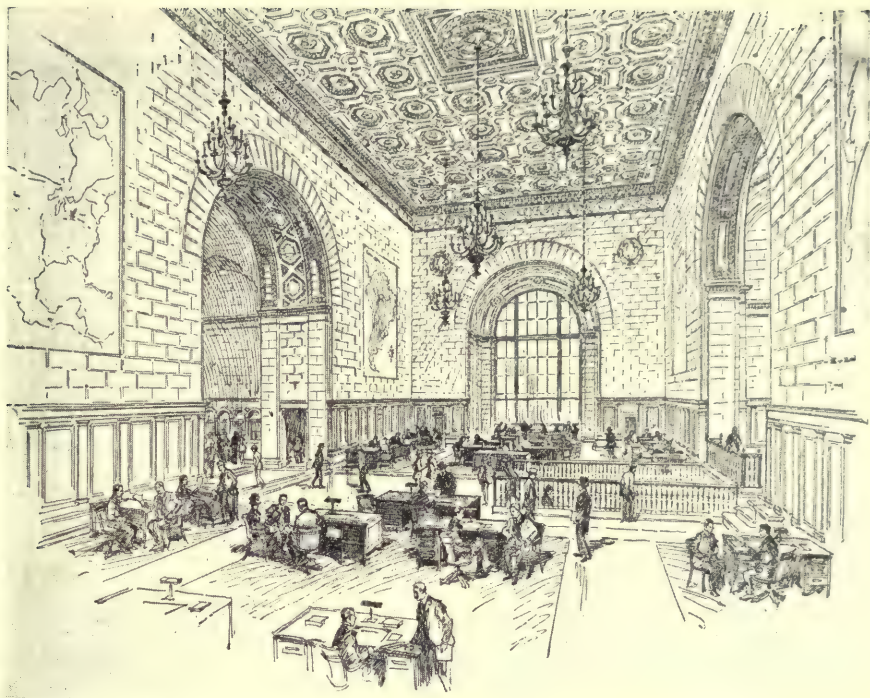
caused by the closing of the American Bank and Trust Company, of Great Falls, Mont., the president of which, R. P. Reckards, is also president of the Cascade Bank.

The troublesome rumors went round on Friday, and all during banking hours Saturday Mr. Hughes amused himself by passing great wads of currency across the counter to panicky people. The next day he issued a circular to the whole community and when he opened for business Monday the run was at a complete standstill. At the request of the "Montana Banker" Mr. Hughes permitted the publication of this letter in the hope that it may at some time be of benefit to some other unfortunate bank. The letter:

"The Stockmen's Bank weathered your storm of hysteria which proved our strength and solvency last Saturday; and I mean to keep the Stockmen's Bank strong and solvent, but the continual running of hysterical people, who have lost their heads with the mob, will in short order force any bank, no matter how strong, into trouble. Now understand me, I am not going to allow that to happen to my bank. I will not allow hysteria to drain my bank of funds. But instead I am going to stop the withdrawing of funds, and the first man or woman who attempts the closing of his or her account within the next two weeks I will save that one the trouble by turning the key in our front door. I am putting it up to you squarely and I believe you are level headed enough to wish us to continue serving this community as we have in the past.

"I want to make this point clear to you: The Stockmen's Bank is not a branch of American Bank & Trust Co., which failed to open last Saturday. The Stockmen's Bank is a separate, independent corporation, not a branch of nor subsidiary to any bank, banker or trust company.

"My bank in serving this community has helped the farmers, the stock and sheep men, the merchants and business men, even the teachers in the schools; we paid them when Cascade county had no money to pay with. I have enjoyed your confidence for the past two years and this is a poor time for you to run to panic. You, all of you, will agree that I have kept faith with you and have served you to my limit at all times when you were in need. Now—will you come across for me? I believe you will. Let's have business as usual."



THE NEW BUILDING OF THE FIRST NATIONAL BANK, BOSTON

The leading feature of this building will be the magnificent and spacious officers' quarters, the largest in the country. The entrance is through the arch on the right and the public lobby is through the arch on the left

First National Bank of Boston

THE First National Bank of Boston has begun work on its new building in the heart of the financial district. It will be situated at the corners of Milk, Federal and Devonshire streets. The new site, of over 34,000 square feet, is now occupied by the Equitable Building, the Master Builders Building and the old John Hancock Building. Messrs. Stone and Webster, of Boston, have charge of the construction, acting in behalf of the bank as engineers and general contractors.

The new building, of which Messrs. York and Sawyer of New York are the architects, will be ten stories with three basement stories. The exterior will be constructed of stone throughout, after the manner of the early Tuscan Renaissance, recalling the early Florentine

architecture. The building will be fire-proof, of heat-protected steel frame, with cement and marble floors, hollow steel doors and trim and exterior windows of iron.

The bank itself will occupy five floors, two entire floors easily accessible from the street, a basement below and two mezzanines above. Six floors will be assigned for rental as offices. The main entrance to the bank will be on Milk street and entirely separate from the main entrance to the office portion, which will be on Federal street. The rental floors will be served by a battery of five elevators.

DESCRIPTION OF THE BANK QUARTERS

The features of the main banking floor will be the officers' reception room and the large public space. The officers'



First National Bank, Boston — The Milk St. front and main entrance of the new building

reception room will be 88 feet long, 45 feet wide and 46 feet high, extending across the entire building from Federal to Devonshire streets. Leading out of this room will be the public space, 128 feet long and 30 feet wide, with tellers' wickets on each side. The officers' reception room will have a wainscot of English oak, sandstone walls and coffered plaster ceiling. The public space will have limestone walls and a vaulted ceiling. The walls of the public space will conceal the mezzanines in place of the usual counterscreen, thus shutting out the noise, clatter and din of the machine work of a modern bank. This is a new feature in bank architecture in this country.

The safe deposit department will be reached by a broad easy stairway and by elevator. The vault will be reason-

ably large and of the latest design, giving perfect security. In connection with the vault, there will be about 100 coupon and conference rooms providing every facility for customers.

HISTORY OF THE BANK

The First National Bank of Boston is the largest banking institution in New England, and one of the largest in the country. Its new banking building will be much the largest banking structure in New England. The statement of the bank to the comptroller of the currency as of March 10, 1922, shows total resources \$209,015,977. The capital was \$15,000,000 and the surplus and undivided profits \$22,035,317. Deposits were \$149,151,657.

The president of the bank is Dan-



Detail of the great arched doorway at the main entrance of the new building

iel G. Wing and the directorate is representative of New England's most important industries and most successful business men.

The First National Bank of Boston dates from 1784, when the Massachusetts Bank was chartered. This was the first bank in New England and the third oldest in the United States. The Safety Fund Bank was chartered as a state bank in 1859, and was the first Boston bank to take advantage of the National Bank Act, in February, 1864, taking at that time the name of the First National Bank. In June, 1903, the Massachusetts National Bank was

absorbed, and during the following year the National Bank of Redemption was taken over, having previously absorbed several other banks.

This was the last merger in which the bank took part, and all the growth since then, which has been the greatest in the history of the institution, has been due to the energy and ability of the management and the confidence which the public has felt in the institution. The bank supplies to its customers and others information and service of the most varied character, and with its new banking house will be able to increase this service materially.



Storage Security for Collateral

More Bankers are Realizing the Importance of Investigating
Warehouses in Which Their Merchandise
Collateral is Stored

By Richard F. Durham

IN view of the increased number of failures of small warehouse companies which were established during the war time congestion of the Port of New York, some of the banks are now using greater caution in scrutinizing their merchandise collateral and considering more carefully the security and protection furnished by the warehouse company issuing receipts.

There are at least two hundred companies, firms or individuals doing business in the Port of New York under the title of "Storage," but if a personal inspection of their warehouses were made by the banker before making a loan, it is probable that many of them would be found unsuitable for the purpose of storage and many a loan would be refused.

Owing to the enormous demand for storage facilities during the past few years, many non-fireproof and unsuitable buildings have been temporarily used for storage purposes, irrespective of security, protection or responsibility;

but now that normal conditions are approaching greater care is taken by the banks to see that their collateral is stored where the best and safest facilities are obtained.

If the average banker, accustomed to making loans on merchandise, was asked the question, "Which do you consider the more important, the responsibility of the borrower or the value of the collateral?" he probably would answer "Both" without regard to the vital factor of where and in whose custody the merchandise collateral was being stored or held for his account.

RECEIPT NOT FULL GUARANTEE

The mere fact that merchandise is represented by a warehouse receipt is not sufficient assurance or guarantee that the collateral is amply secured or properly protected. Neither is the banker's risk entirely covered by fire insurance policy, as there are losses other than fire which the banker may



The Seaboard's Three Homes

Visit one of the three Seaboard banks and you will find sound banking, but always a progressive spirit—and a pleasant way of taking a personal interest in accounts, large as well as small.

Resources more than \$80,000,000.

The Seaboard National Bank

with which is combined

The Mercantile Trust Company

115 BROADWAY

BROAD AND BEAVER STREETS

20 EAST 45TH STREET

Member of Federal Reserve System

Near Madison Avenue

unknowingly assume when his collateral is not stored in a protected warehouse.

A warehouse receipt issued by a responsible party owning or operating a modern building and certifying that merchandise is received on storage for the account of the bank, is not a guarantee nor always sufficient security to warrant a loan without investigating other conditions back of the receipt. There is always the risk that the banker may possibly become the owner of the merchandise at some time, or at least he may be interested in the carrying charges or the expenses of shipping. Therefore, the type of warehouse, the fire protection, the location, the transportation facilities, the storage and insurance rate, and the reliability of the warehousemen should be given careful consideration, irrespective of the responsibility of the borrower at the time of granting the loan.

OTHER FEATURES THAN MERE SECURITY

A banker may be satisfied with the responsibility of the warehouse company and feel that security and protection is thereby obtained, but there are still other features of interest to the bank. Will his customers' merchandise or the bank's collateral be carefully handled by experienced men and properly stored in a clean, dry warehouse, where the risk of damage, deterioration and loss of weight be at a minimum?

Merchandise collateral is generally

represented by a negotiable receipt in the name of the borrower indorsed in blank, or a non-negotiable receipt in the name of the bank, and although the policy or requirements of banks may differ as to their preference for one form, the American Warehousemen's Association of the United States have issued a booklet entitled "Warehouse Receipts as Collateral," in which they recommend that the non-negotiable receipt in the name of the bank be used in preference to the negotiable form.

This association also recommends that the character and stability of the warehouse should be given as great weight in determining the value of the paper it issues as those qualities are given in valuing the paper of a banker.

SOMETIMES DIFFICULT TO COLLECT DAMAGES

Nearly every state in the Union has a uniform warehouse receipt governing the obligation of warehousemen, and his liability to those holding his receipts, but if there is little or no financial responsibility back of the warehousemen, it may be more difficult to collect damages than prove liability. Generally speaking, most warehousemen are reliable and responsible, but the amount of security and protection back of individual warehouse receipts differs according to the financial standing of the warehousemen, the ability to carry out his contract and render the required service.



An American Heraldry

WHILE on an extended trip along the Pacific Coast last year, Alfred C. Bossom, New York architect, collected some interesting data on the Indian totem poles, which he designates as the primitive American heraldry. Totem poles are found among the Indians of Southeastern Alaska and the north coast of British Columbia. They commemorate the events in the history of famous Indian chiefs or tribes, and

constitute almost the most treasured possession of the owners, being regarded with a superstitious reverence that amounts to idolatry.

Their inception was often on the occasion of the "Potlatch," an affair at which a chief demonstrated his wealth and greatness by giving away all his possessions to his friends, but in consonance with the phrase "Indian Giver," keeping close track of them and receiv-

ing them again at future "Potlatches" held in turn by all participants. To celebrate this event the carving of the totem pole was begun.

The poles are made from a single great red cedar, the carving beginning at the top with the tribal insignia, working downward through the history of the family, with its intermarriages, travels, if any, ambitions, and particularly oc-



ALFRED C. BOSSOM

Mr. Bossom is modeling his totem which he explains in the accompanying article

currences in the life of the chief which rendered him famous. As later events of importance occurred they were added until the pole represented, crudely but graphically, the biography of a family or people. The grotesque figures of animals which appear symbolize the prowess of the chiefs in hunting certain animals, by which names they were known among their people. The pole stands at the door of the owner, and smaller replicas are kept within the house.

Two of the famous totems of the British Columbia Indians Mr. Bossom bought and brought to New York with him. They are the "Thunder Bird" and

the "Raven" totems. The "Thunder Bird" gave a man strength to build houses and acted as a sort of guard over his home. It carried a lake in its back and when angry would shake itself violently and cause a thunderstorm. The "Raven" has an interesting legend, which somewhat calls to mind the Greek story of Prometheus obtaining fire for mortals from the gods. In the story of the "Raven" the Creator, the Great Raven, lived at the head of the Nass River and selfishly kept the sun, moon and stars in a box concealed from mortals. One man, bolder than the others, determined to get this precious light for men. He changed himself into a needle of a hemlock tree which grew over a pool where the daughter of the Creator was accustomed to come for water. She drank the needle and the daring mortal was born again as her son. As a child he managed to please the Creator and was given the box containing the sun, moon and stars as a plaything. He threw them into the sky, but their sudden appearance so alarmed mortals that some of them jumped into the sea and became fish, while others took to the mountains and became animals.

The picture which accompanies this article shows Mr. Bossom at work on his own totem. He explains it in this way.

First of all, my family crest consists of an oak tree, which is symbolized by an oak with three large acorns carved upon it. Being English I symbolized myself by a very crude development of the British lion. Coming to America it was necessary to cross the ocean, therefore the lion set forth in a boat. Arriving in America I married an American girl who is symbolized by the eagle. In America came work and financial effort, so the eagle guards the money box. As my business is building houses I improvised this feature out of the form universal among the Indians, the "igloo," and have endeavored to set it upon a foundation of rock. On the breast of the eagle are symbolized in true Alaskan fashion the "olive branches" of the house.

Mr. Bossom remarks that with the exercise of a little imagination it should be possible for many American families to make totems that would be most interesting, and result in the creation of a real American heraldry.

Book Reviews

THE WORLD'S MONETARY PROBLEMS.
By Gustav Cassel. London: Constable & Co., Ltd.

This volume consists of two memoranda, the first of which, written in the spring of 1920, concentrates on the process of inflation, including the relinquishment of the gold standard in European nations, and the general rise in prices. Professor Cassel reviews the subject of European economic reconstruction particularly among the former belligerents and stresses the necessity of coöperation between the defeated and the so-called victorious nations of Europe.

The second memorandum was written during the deflation period of May, 1920, to May, 1921, takes up the question of stabilization of currency, and ends with a recommendation of some effective steps toward a reduction of the immense international indebtedness.

Dr. Cassel is a professor at the University of Stockholm, and, due largely to his work for the Brussels Conference, has become one of the most widely known of European economists.



CITY CHARACTERS UNDER SEVERAL REIGNS. By T. H. S. Escott. London: Effingham Wilson.

Sketches of brilliant and outstanding personages of London financial circles from Paterson to Goschen. Reminiscences dealing with such topics as "King Hudson and His Court," "The Crusader in Capel Court," "The Two Lord Revelstokes," "Tom Tiddler's Parliament Men." The author has a wealth of intimate knowledge of the high lights of "City" happenings and people.



RAILROADS AND GOVERNMENT. By Frank H. Dixon. New York: Charles Scribner's Sons.

This book takes up the story of the Federal regulation of railroads in the

United States where most of the treatises on transportation have dropped it, at 1910, and brings the history down to the present time. Effort has been made to relieve the discussion so far as possible of technical features.

The book is divided into sections that take up first the period of Federal Regulation from 1910 to 1916, then the War Period, and the Return to Private Operation. A tentative plan for railroad consolidation is given at the end of the book.



INVESTMENTS. By David S. Jordan. New York: Prentice-Hall, Inc.

Professor Jordan is the first writer to cover the entire field of investments in a readable, non-technical manner. His book is complete and up-to-date in every respect. It is recognized as authoritative by financiers, investment brokers and teachers of finance in every part of the country.

Of particular interest is the discussion of the various issues of Liberty bonds, in which each issue is described in detail, and conversion and redemption features illustrated. Foreign government bonds, industrial, public utility and railroad issues are also thoroughly discussed. The making of fiduciary investments, the use of yield tables, reading the financial page, and other chapters make this the only complete work on the subject.



THE HAGUE RULES 1921 EXPLAINED. By Sanford D. Cole. London: Effingham Wilson.

The introductory part of this volume gives an account of the events which led up to the preparation of The Hague rules, their history and general scheme, with considerable explanatory comment on their contents. The French text of the rules and the American and Canadian acts are contained in appendices.

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Banking and Financial Notes

SPECIAL

**The BANKERS
MAGAZINE**

SECTION

Review of the Month

The Business Situation Throughout the Country as Reflected in the Opinions of Banks and Bankers

THE present activity in building operations," says a March bulletin of the National Bank of Commerce, New York, "is an outstanding feature of the general business situation. The building industry in the United States," the bulletin goes on to say, "is second in importance only to agriculture and many million workmen directly and indirectly are dependent upon it. In the more active building sections of the country that are systematically reported, comprising about half the states, considerably more than two billion dollars in contracts were awarded last year." The bulletin continues in part as follows:

High freight rates due to labor conditions and high wages to labor are the controlling factors in building costs. They maintain construction prices at levels that interfere with the full and well-rounded development of building operations. They also serve to inject an element of fixed inflation into this, the greatest construction movement in the nation's history.

LACK OF WELL-BALANCED DEVELOPMENT

The lack of well-balanced development is made manifest by an analysis of contracts let and permits issued to date. Residence construction leads. Public buildings, roads, bridges, and other types of building for public purposes are next in importance, stimulated somewhat by desire to relieve unemployment. Business and industrial construction, which must be done on a basis of cost that will permit a present and continuing return on the investment, has not expanded correspondingly.

Despite the handicap of high costs, home

building activity is being maintained for the present because the housing necessity compels it, even on the basis of uneconomical investments. Public building and construction are also being done on a high cost basis which will be reflected in high tax rates for years to come. Public building, like residence building, cannot continue indefinitely under these conditions.

LABOR IS CHIEF SUFFERER

Labor itself is the chief sufferer in the situation. Resistance by important classes of labor to wage declines in a period of declining prices disorganizes the entire productive organization of the country and contributes to unemployment in other lines. The maintenance of building operations on high wage levels delays general wage readjustment. It means exorbitant rents and prohibitive costs for homes for workmen. It is a general deterrent to a return to normal industrial, commercial and financial activity.

On the whole, labor costs in the building field are not greatly reduced from their maximum. Transportation is a very large part of the laid-down cost of building materials and the adjustment of railroad rates is deferred by the refusal of railway labor to recognize that the period of war wages is over. In other words, high building costs are being maintained directly and indirectly by labor costs. It is there that the fundamental correction must be made.

THE VOLUME OF BUILDING

"The cost of building construction and the volume of building going on at any time are closely related," notes the current bulletin of the Chemical National Bank, New York. "Favorable costs," continues the bulletin, "induce building activity, while abnormally

high charges, such as those prevailing in 1920, put a check on new construction. It is of interest, therefore, to note the past trend of building and present tendencies in the matter of new industrial and residential construction." The bulletin says further, in part, that:

The volume of building between 1918 and 1922, as measured by the value of building permits issued in 163 cities in the United States, is shown on the accompanying chart (Chart 1). This chart is based upon reports summarized in Bradstreet's. The value figures there given have been deflated, that is, corrected so that changes in the price level between 1918 and 1922 would not distort the results. The curve there shown gives a true picture of the actual volume of building from year to year, the value of the buildings erected in each year being expressed in terms of 1914 dollars.

It is clear that the post-armistice boom brought a revival of building, as well as a revival in business activity generally. This building boom came to a head, however, in 1919, somewhat earlier than the prosperity in most business lines. With the exception of a slight recovery in 1920, building activity declined steadily between August,

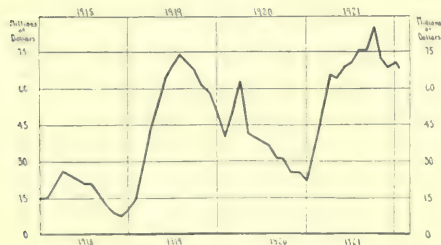


Chart No. 1

Value of building permits issued—deflated—1918-1921. (Based on Bradstreet's Reports from 163 cities.) These values have been expressed in terms of 1914 building material prices. The effect of price inflation is thus eliminated.

1919, and January, 1921. The year 1921 witnessed a distinct revival in building activity and the latter part of that year found the actual volume of new building equal to that of 1919. The first two months of 1922 brought a slight falling off, though they were far in excess of the same months for previous years.

RESIDENTIAL BUILDING LEADS

The majority of the new building contracts awarded have been for residential buildings, with considerable work being done on educational and public buildings. There has been very little new building for industrial purposes, but during recent

months there has been a slow increase in this field.

Present tendencies indicate that the demand for new residential and public buildings will continue, and will be augmented by a slowly mounting demand for new business and industrial buildings. The need

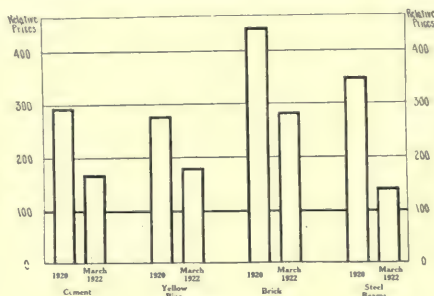


Chart No. 2

A comparison of the relative prices of important materials in 1920 and in March, 1922 (1914 average prices equal 100).

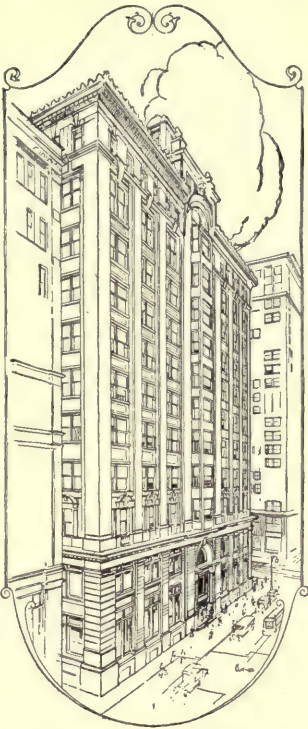
for the latter is not urgent, but slowly reviving business will call for an increase in existing equipment. It is not impossible that building costs may decline further, but highly improbable that pronounced declines are in front of us. Given the existing conditions, one may look for steady activity in the building trades, at price levels not materially different from those existing today.

PRICES OF BUILDING MATERIALS

The general discussion of construction costs may be made more concrete if the prices of specific commodities are considered. Chart 2 presents a comparison of the relative prices of four important building materials in 1920, and in March, 1922, average prices in 1914 being used as a basis for measuring price changes. The commodities represented are Portland cement, yellow pine timber, common brick, and steel beams. These are taken as typical building materials. The prices of cement and common brick upon which these relative figures are based apply to materials delivered at the building site, in New York. Prices for yellow pine timber and steel beams are f. o. b. New York. Freight charges are thus included in all cases, and cartage charges for brick and cement. The inclusion of these charges makes the record representative of the actual cost to the builder, though inaccurate as a measure of actual material price changes.

PRICE DIVERGENCES

When the comparison is made on this basis, rather striking divergences appear. At the peak in 1920 brick prices were far higher than those of any of the other mate-



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rials here shown, being 440 per cent. of 1914 prices. Steel beams stood next in order, while yellow pine timber showed the smallest rise. In March, 1922, the relative price of common brick stood higher than the prices of other materials, while steel beams showed the lowest relative price. Part of this difference, it should be noted, is due to

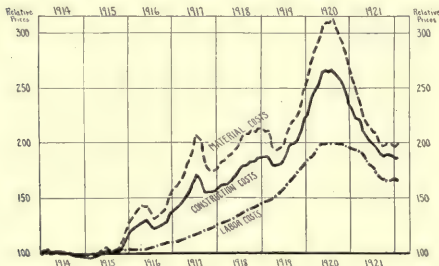


Chart No. 3

A comparison of material costs, labor costs and total construction costs in the building trades (1914 equals 100).

differences in freight charges, which constitute a quite important item in the course of such bulky materials. Thus a 1914 freight charge of \$3.20 on steel beams, carried between Pittsburgh and New York, had become \$7.60 in 1922.

THE TREND OF BUILDING COSTS

The trend of general commodity prices was upward between 1896 and 1920, and building costs followed the general course. Until 1915 the increase was gradual, with short downward swings during the years 1904, 1908, 1911 and 1914. The year 1915 witnessed the beginning of a more rapid rise, and the rate was still further accelerated in 1919 and early 1920. The latter year was the turning point, and the downward rush of prices equaled the rise of the preceding year, continuing for twelve months before any definite slackening of the fall occurred.

Chart 3 portrays the course of general construction costs in all classes of buildings, and one of the two chief items entering into those costs between 1914 and 1922. The three curves on the chart are based upon weighted index numbers of building material costs, building labor costs, and a combination of the two. The average costs during 1914 are taken to equal 100 in each case.

It is apparent that the increase in construction costs between 1915 and 1917 was almost entirely due to the increase in material prices. These had doubled by the summer of 1917, while building labor costs had increased 18 per cent. The increase in labor costs continued, constituting a more

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important factor in later additions to construction costs. In 1920 labor costs had reached a maximum, 100 per cent., above the 1914 average. Material costs, at the same date, were 212 per cent. above the 1914 average. At this peak which was reached in August, 1920, construction costs were 167 per cent. above pre-war costs.

POSSIBLE EFFECT OF RECENT FARM PRODUCTS PRICE RISE

The possible effect of the recent price rise in farm products in enlarging the purchasing power of the farmers, is discussed in *The Index*, issued by the New York Trust Company, as follows:

The maladjustment which has existed between the value of farm products and the general price level is generally conceded to have constituted one of the greatest obstacles in the way of business revival.

The recent rise in the price of farm products may reasonably be expected, therefore, to exert a distinctly favorable effect on the business outlook in general.

An idea of how much the recent advances may mean to agricultural interests can be obtained by multiplying the 1921 quantities of principal crops by the amount of the advances in price. While there is a highly theoretical element in such a computation, it nevertheless aids in giving an idea of the possibilities which lie in this situation.

Based on the 1921 production, a 15-cent advance in corn prices means an additional \$462,000,000, a 30-cent advance in wheat \$238,000,000, a 3-cent advance in cotton \$125,000,000, and an advance of \$1 per ton for hay \$97,000,000, or a total of nearly one billion dollars on our four principal crops alone.

THE COAL INDUSTRY SITUATION

"In any discussions of wages and conditions in the coal industry," says

the *Coal Age*, "it must be borne in mind that the present wage scales, both anthracite and bituminous, were based on awards made by government commissions in 1920." The article says further:

These, then, are not wartime wages. They are after-war wages—higher even than the high wages paid during the period of hostilities.

They were based on the then cost of living, and the cost of living has declined since the wage scales became effective by amounts variously estimated up to 23 per cent.

There was dissatisfaction among the miners even with the higher rate of wages, because the year 1920 brought an unprecedented demand for coal, which resulted in high prices and much public unrest.

SEVERAL CAUSES FOR HIGH COAL DEMAND

Several causes were responsible for this demand. There was a scarcity of coal, due to the bituminous miners strike at the end of 1919 and the so-called "outlaw" strike of the railroad switchmen in April, 1920, which interfered with the production and transportation of fuel.

There was also a heavy export demand, due to a world shortage of coal.

All of this urgent call attracted to the coal industry irresponsible men of no experience in coal production or selling; men who saw an opportunity to make inordinate profits.

It also caused the opening of countless so-called "wagon mines," which can only operate at a profit when the price of coal is high, and so-called "snowbird" mines, which are merely holes dug in the earth by the owner of the land and operated in most instances by family labor.

These snowbird mines represent absolutely no investment, except the labor of the owner and the few, if any, men he may employ. The coal was dirty and unprepared, but it brought as high a price as the

seller could force a panicky public to pay.

Naturally, the return on the investment is very high. It was the returns submitted by these mines that led to statements of profits of more than 1,000 per cent. in the coal industry in 1920.

The high prices paid for coal in the open market led to a higher scale of wages in the non-union mines, which were not bound by the award of the government commission.

These wages continued until the slack demand of 1921, when the consumption of bituminous was about 125,000,000 tons less than in 1920.

Under this condition, prices naturally were reduced. In the last half of 1921 very few producing companies operating under union wage scales and not protected by long-term contracts, broke even.

The tendency to reduce costs to meet this situation was at once apparent in the stopping of all development work, the closing of high-cost mines and the cutting of salaries.

In the non-union mines, where such action was possible, wages of miners were reduced to the basis effective in the fall of 1917, although the prices of non-union coal dropped more rapidly than wages.

As a result of their lower cost, the non-union mines, as a whole, have run better than all unionized fields. They have had steadier production, and the miners have had opportunities to earn more money, even at the lower scale, than the union miners.

On the other hand, the closing of a large number of small mines has turned a surplus of labor to the larger operations and has resulted in their carrying larger forces than were warranted by the business on hand.

Coal consumers have shown a determination to refrain from placing contracts until prices are materially lower.

It is these conditions which producers of bituminous coal are seeking to remedy. If the price of coal is to be reduced, the cost of production must be decreased. Wages make up 70 per cent. of the mine cost.

The *Coal Age* gives the following interesting resumé of the more important features of the coal crisis and consequent strike:

The United Mine Workers of America called a strike in the anthracite and bituminous coal mines beginning at midnight, March 31.

There are approximately 400,000 union bituminous coal mine workers and 150,000 anthracite workers.

The bituminous coal miners demand the maintenance of the present scale, made in


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1920, for which the basic wage is \$7.50 a day for common labor.

They demand a five-day week with a basic six-hour day and punitive overtime pay.

Bituminous coal operators seek to have wages reduced in order to decrease the cost of production and bring down the mine price of coal.

They reject the five-day week and six-hour day as uneconomic, and seek to retain the present eight-hour day.

They desire the abolition of the check-off by which they are compelled to collect union dues and assessments.

Anthracite miners demand an increase of 20 per cent. in the contract rate and \$1 a day in the rate for day labor.

They demand other changes in rates and working rules which would result in increasing the cost of production.

Anthracite operators insist wages must come down in conformity with wages in other industries, in order that the cost of coal at the mines may be reduced.

Anthracite miners and operators are at present in conference in an attempt to negotiate a new wage scale.

Bituminous coal mine workers have refused to negotiate with operators except for the industry as a whole. Operators generally are opposed to national wage agreements, preferring local settlements.

The anthracite industry is thoroughly unionized, but has no check-off.

About one-third of the bituminous coal production comes from non-union mines.

Official estimates are that there were at least 63,000,000 tons of coal in reserve on April 1. These reserves are in the hands of consumers; they have been purchased and shipped.

These stocks, sufficient in themselves for forty days, with the production of non-union mines, will be sufficient to take care of the requirements of the country at the present rate of consumption for a considerable period.

BASIC INDUSTRIES IMPROVE IN MARCH

"The outstanding feature in business development during the past few weeks," says the April Federal Reserve bulletin, "has been the improvement in basic industries, including steel, especially railway equipment, copper and other metals. A marked increase in the production of automobiles has also been a feature of the month. Building activity, which has been on the upgrade for several months past, continues its growth, February permits being about 40 per cent. in excess of those of February, 1921, while the advance is still continuing." The bulletin goes on to say:

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As against this favorable trend in the physical volume of production in basic lines is the fact that a variety of conditions have operated to offset the encouraging improvement which has been noted in textiles during the winter months. Prominent among these unfavorable influences are the disturbed relations with labor, but uncertainty as to cost of production and lack of forward orders have produced a depressing effect in those districts where no labor troubles have made themselves felt. No important changes have been observed in other manufacturing lines, such as leather, boots, and shoes.

AGRICULTURE FAVORABLE

Agriculturally the month has been one of favorable development considering the season. Winter wheat prospects are reported good in most parts of the country. Cotton planting indicates increased acreage, although a heavy infestation of boll weevil is predicted. A larger use of fertilizer is also reported in some sections. Prospects for deciduous fruits are reported encouraging. Labor conditions in the agricultural regions crease in the demand for labor, largely the are regarded as satisfactory. A material unnatural seasonal growth, is reported from most districts.

UNEMPLOYMENT DECREASE

According to official figures a marked, even if still limited, decrease in unemployment is under way. This is partly due to the greater activity of basic industries already referred to and partly to seasonal growth of demand for labor, but offsetting it must be mentioned the voluntary unemployment growing out of strike conditions, both present and prospective.

In trade, both retail and wholesale, the tendency has been on the whole downward, although not pronouncedly so. In certain districts seasonal activity has resulted in an absolute increase in particular lines of wholesale trade, as, for example, in the case of shoes and dry goods. Retail trade, on the other hand, is uniformly lower than it was a month ago or than it was at this time last year. This is in a large measure due to postponement of buying resulting from the lateness of the season, but is also in part due to a longer continuance of unemployment.

INCREASED COMMODITY MOVEMENT

The movement of commodities to market during the month has been very satisfactory. Increase in car loadings has been noticeable in many parts of the country. Grain shipments during February have been larger than in any month since October, 1921. A satisfactory movement of live stock and meat products is also reported. Better earnings of railroads demonstrate the growth in freight tonnage which has been a striking feature of recent weeks.



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The advance in the index number of wholesale prices shown by the Federal Reserve Board's compilation amounts to 4 points for the month. This change is largely due to the advance in the prices of agricultural products. In wholesale lines some declines have taken place, but prices have been tolerably firm, although, where they have been so, restriction of the activity of trade has been a feature. The process of evening up prices through interindustrial adjustments is still incomplete.

LITTLE FINANCIAL CHANGE

Financially the month has shown but little change. Discount and interest rates have not moved materially. Foreign trade shows a somewhat further decline, with a much closer approach to adjustment of export and import figures both here and abroad. Increasing stability in foreign exchanges, with the exception of marks, has been the rule. Further liquidation of frozen loans in the West and South has been effected, and reports from these parts of the country show that a satisfactory line of credit is being extended for the planting of new crops. Increasing specie reserves and declining portfolios in Federal Reserve banks show that there has been no increase in the demand brought to bear by member banks for commercial accommodation.

THE LESSON OF ERROR

"We are now facing the future with more confidence than we have felt in two years or more," says a current letter of the American Exchange National Bank, New York, "but there is one danger we will avoid if we are wise, and that is the danger of accepting the leadership and guidance of those who ignorantly believe that we have completely adjusted ourselves and our methods to meet future problems." The letter continues:

In reality we have corrected very few of the fundamental errors of method which led us into much of the trouble we have just experienced. We are in the position of a man who has just undergone severe corrective treatment for indigestion, and who is about to celebrate his convalescence by returning to the diet which made him sick in the first place. The doctors have pronounced us out of danger from the ills from which we almost died, but they have given us no guarantee that we will not suffer a relapse if we are not careful. Preventive medicine is the new method of treatment among the leaders of modern disease-fight-

ers, and business and economy are plainly in need of adopting a similar method. This method of treatment attempts to eliminate causes, leaving the treatment of effects to the ordinary practitioners.

CAUSES OF ECONOMIC JIM-JAMS

What were some of the causes of our recent attack of economic jim-jams? Apparently we have all agreed to blame on the war everything that happened, but the fact is that much of what happened was the result of our excesses in trying to gorge ourselves while the gorging was good and our willingness and eagerness to escape the labor and effort which we needed to keep us fit and to obtain the best results for our own interest. The war is past—its effects were undoubtedly far reaching and subtle, but if we are honest, we in this country at any rate will admit that we made the war an excuse for inefficiency, for weakened social and economic morale, and for other ills which were only remotely attributable to the war. Our money rewards piled up while the product of our labor dwindled. We quit work to spend the money we were being paid for work, and we soon found that our money, as much as it was, was insufficient to pay for the goods we required for our pleasures and comfort and at the same time to supply those who needed our goods more than we did. As soon as we discovered that we could not live by money alone and that we were destroying or impairing existing wealth without improving our situation, we called a halt, and the bubble of make-believe prosperity broke.

LESSON LEARNED SINCE ARMISTICE

The value of error lies in its lesson. The two years that followed the signing of the armistice taught us that we cannot have material comforts and an even way of life without persistent and even labor. The only way we can keep a maximum volume of consumable goods flowing into our homes is by keeping a maximum volume of output coming from the factories. That is the lesson taught us by the two years that followed the armistice. If we ignore that lesson it will only be a matter of time until we come back to the point we reached just before the bubble broke. Employed labor must give the best that it can if we are ever to reap the maximum benefits of the system under which we live. Efforts to hold down or restrict production on the theory that the method makes more work for more men or prolongs the work of the men already employed defeat the very purpose which they are intended to serve. The element of cost in production is a fact which cannot be ignored by those who hope to enjoy the maximum result of their labor.



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THREE MEN ON TWO-MAN JOB

When three men do a job that two men could do just as well, all three suffer with the community in general. The method increases costs all along the line and perhaps directly affects the income of at least two of the men. The practice also prevents the third man from finding employment in some industry in which he is needed and can be profitably employed, and therefore results in decreasing production in some other field which if worked by the useless third man would return much in material wealth to the two men on the first job and to the entire community. It is no answer to say that there aren't enough jobs. The trouble with that theory is that the practice of forcing three men into a two-man job never gives the third man time to find his place

at something else. The saving that would result from the decreased cost would be forced into investment and would create new work for the idle to do. Neither is it an answer to say that that process would take too long and that the third man would be out of employment until it was completed. Putting three men into a two-man job ultimately forces all three out of a job and then the two who would have been employed all the time are forced into idleness with the third man. There is no profit or advantage in that for anybody. Giving less than a day's work for a day's pay has the same effect as the practice of putting more men on a job than the job needs. These practices are among the fundamental errors which we must correct before we can face the future with a feeling of full confidence in our ability to meet its problems.



Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland
and the District of Columbia

CONVENTION DATES

American Bankers Association, New York, Oct. 2-6.

Savings Banks Association, State of New York—at Briarcliff Lodge, May 17-19.

New York—at Lake Placid Club, June 19-21.

Pennsylvania—at Pittsburgh, May 24-26.

Maryland—at Atlantic City, May 16-18.

U. S. Chamber of Commerce—at Washington, D. C., May 15-21.

Delaware—at Rehoboth, Sept. 7.

ORGANIZE TO TEACH PUBLIC ECONOMICS

One hundred leading financiers, business men and economists, at a luncheon in the Bankers' Club recently, organized the National Economic Association. Its purpose is to educate the public, through the press, platform and exhibits, on economic questions, such as taxation, tariff and European readjustments, "to the end that sound legislation may be promoted and unsound proposals defeated."

S. Stanwood Menken, president of the National Security League, through whose efforts the meeting was brought about, moved the appointment of an organization committee. Lindley M. Garrison, who presided, appointed Mr. Menken as chairman, and Magnus W. Alexander, Paul W. Cravath, Haley Fiske, John Henry Hammond, Darwin P. Kingsley, Otto H. Kahn, Dr. Samuel McCune Lindsay, Thomas W. Lamont, Frank Presbrey and Dr. Henry R. Saeger as members of the organization committee.

WILLIAM E. KNOX PRESENTED WITH MEMORIAL

Savings bankers from all over the country gathered on April 6 at a dinner in the Union League Club for William E. Knox, the new president of the Bowery Savings Bank. He was elected to that post recently after thirty-seven years service, in which deposits have increased from \$40,598,000 to \$164,966,000.

Victor A. Lersner, comptroller of the Williamsburgh Savings Bank, was chairman of the dinner committee and presented

Mr. Knox with an engrossed memorial signed by some of the best known savings bankers in many cities. Mr. Knox's name was proposed as a candidate for the vice-presidency of the American Bankers Association.

UNITED STATES MORTGAGE AND TRUST COMPANY

The board of directors of the United States Mortgage and Trust Company, New York, recently declared a quarterly dividend of 4 per cent. on the capital stock of the company, payable April 1, 1922, to stockholders of record March 28, 1922.

MECHANICS AND METALS BRANCH MOVES

The Mechanics and Metals National Bank of New York has leased the two four-story dwellings at 143 and 145 West Fifty-seventh street, adjoining Calvary Baptist Church, between Sixth and Seventh avenues, for its Central Park branch. The bank plans immediate alterations which will include a banking floor and spacious safe deposit vaults. For the last twenty years this branch of the bank has been located at Seventh avenue and Fifty-eighth street.

BULLET PROOF GLASS

Safetee Bullet Proof Glass is a clear, transparent glass that, through repeated proofs, has shown that a bullet fired point blank at it cannot penetrate, although it cracks the glass.

It is absolutely transparent and, seemingly, does not differ from plain ordinary glass. Possibly a good description of it would be that it is transparent steel. In many of the principal cities of the United States demonstrations have been staged for the police departments. For the demonstration, forty-five calibre steel jacketed bullets were used, and they were fired point blank at sheets of Safetee Bullet Proof Glass. In not one instance, although the glass was cracked, did the bullet penetrate.

As a protective agent, Safetee Bullet Proof Glass is the finest form of holdup insurance that a bank can possibly use. In all banks, partitions, as well as the teller's



Private office of Paul Duran, president French American Banking Corporation

window, leading from the public space to the working space, should be equipped with Safetee Bullet Proof Glass—and this will prove an insurance of the very highest grade. Then too, bank collection cars, bank messenger cars, armored trucks and moving-picture booths will find a degree of safety when equipped with the Safetee Glass.

But it is not only as a bullet proof proposition that Safetee Glass can be used to advantage. Wherever ordinary glass is used, Safetee Glass can be used with the comforting knowledge that there is added security. It has strength and rigidity, and has been used by the United States Government for aeroplanes and aviator goggles. It is unequaled for industrial and automobile use. With Safetee Glass Windshields, Visors or Wind Deflectors, the driver of an automobile can rely on the fact that, in case of accident, the glass will not shatter or fly. It will break—but it will hold together.

BANK OF AMERICA

The Bank of America, New York, announces the election of Charles E. Curtis, its cashier, as vice-president. He retains his post as cashier. George W. Jackson,

receiving teller, has been appointed assistant manager of the Fulton street office, Brooklyn. A. W. Austin has been appointed assistant manager of the foreign department.

FIFTH NATIONAL BANK

The directors of the Fifth National Bank of New York have elected Max Englander first vice-president. John Bunke has been appointed assistant cashier.

H. S. MOTT

H. S. Mott has resigned as a vice-president of the Irving National Bank of New York to go into financing and reorganization work.

B. L. GILL RESIGNS AS VICE-PRESIDENT

Announcement has been made that B. L. Gill has resigned as vice-president of the Seaboard National Bank of New York, but he will remain on the board of directors.

Before his connection with the Seaboard nine years ago, Mr. Gill lived in Terrell, Tex., where he was president of the First National Bank and had previously been Bank Commissioner of that state. For a

long time he has considered retiring from active business and has already arranged for the construction of his new home in Terrell.

COLUMBIA TRUST OPENS BANKING ROOM FOR WOMEN

In order to serve the many women who take complete charge of their own banking business, the Columbia Trust Company of New York in its new branch at Park avenue and Forty-eighth street has arranged a banking room for the exclusive use of women customers.

Miss Virginia D. H. Furman, assistant secretary, will be in charge, under the direction of Oliver C. Wagstaff, head of the new branch.



Office of the French American Banking Corporation,
Cedar and William streets, New York



Serving a Four Billion Dollar District

The wholesale district in New York sells upwards of four billion dollars in goods every year—goods from every corner of commercial and industrial America. Some of these goods come from your territory. The Atlantic National Bank serves the New York wholesale district; its customers are wholesale merchants and manufacturers; it has been doing business for 93 years; it specializes in quick collections. This useful service is available to you. Write us about your specific requirements.

ATLANTIC
National Bank
257 Broadway—Opposite City Hall
NEW YORK CITY

HARRY E. WARD

Harry E. Ward, president of the Irving National Bank of New York, sailed on the Olympic recently for a trip of several months abroad. During his absence he will visit banking centers in England, France and countries in Central Europe.

BANK CONSOLIDATION

Announcement has been made that the National Bank of Glens Falls, N. Y., founded in 1851, and the oldest banking institution in Warren County, had purchased the business and good will of the Merchants National Bank. The combined assets of the two banks are approximately \$4,750,000.

BANK OF NORTH AMERICA

The Bank of North America, Philadelphia, announces that it has recently increased its capital from \$1,000,000 to \$2,000,000 and its surplus from \$2,000,000 to \$3,000,000.

HAROLD T. SMITH

Harold T. Smith, formerly with the American Exchange National Bank, New York, has become associated with H. L. Allen & Co. in their sales department.

WILLIAM A. LAW TO HEAD INSURANCE COMPANY

William A. Law, who has been president of the First National Bank of Philadelphia, since 1915, was recently elected president of the Penn Mutual Life Insurance Company.

He will succeed to the new position July 1, upon the retirement then of George K. Johnson, who has been associated with the



WILLIAM A. LAW

Recently elected president Penn Mutual Life Insurance Company, Philadelphia

company for thirty-three years and during recent years its chief executive. Mr. Johnson will retain his connection in an advisory capacity. The Penn Mutual Life Insurance Company is one of the oldest and strongest in the country, and has had substantial growth under its present management.

Mr. Law went to Philadelphia from the

south. He was born in 1864 in South Carolina, son of a Presbyterian minister. He was graduated from Wolford College in 1881, and then taught school for two years in Wilmington, N. C. He was a court stenographer for seven years in his native state. In 1891 he turned to banking, organized a savings bank and later became president of the Central National Bank of Spartanburg.

Ten years later he went to Philadelphia to become assistant cashier of the Merchants National Bank, advancing until he was president at the time it was merged into the First National Bank. On May 1, 1915, he naturally succeeded to the presidency of that institution.

Mr. Law is widely known and has a host of friends. He was president of the American Bankers Association during 1914-15. Under his management the First National Bank has grown in size, position and repute. He carries with him to the presidency of the Penn Mutual Life Insurance Company, of which he has been a trustee, knowledge and experience which will be valuable to it.

EVAN RANDOLPH

Evan Randolph, vice-president of the Girard National Bank, Philadelphia, has been made a member of the Philadelphia Bourse recently.

BANKING IN NEW YORK STATE

In the quarterly bulletin of the Manufacturers Trust Company of Brooklyn and New York is published a "Sketch and Review of Banking in New York State" by Thomas C. Jefferies, assistant secretary of the Manufacturers Trust Company.

Mr. Jefferies treats in a comprehensive and readable manner the salient points in the development of banks and banking in New York State, beginning with the incorporation of the Bank of North America in 1781. He takes up in some detail the various state laws and enactments which were favorable or inimical to the existence and prosperity of banking institutions, the change in public opinion toward banks, and, as well, the change in the attitude of banks toward business—from the position of regarding the pecuniary interest of the bank as of primary importance, to that held today by bankers in their conception of their responsibility to the public. Much of the sketch is devoted to the attempts of the state to regulate bank practices and safeguard the depositor; the restriction of bank paper, the Safety Fund Act, the provision

of bank commissioners, and the organization, growth and scope of the present State Banking Department.

R. B. NISBET, JR., ELECTED PRESIDENT BANKERS SERVICE CORPORATION

At the annual meeting of the Bankers Service Corporation, R. B. Nisbet, Jr., formerly vice-president and manager, was elected president of the Bankers Service Corporation of New York, Carlisle H.



R. B. NISBET, Jr.

President Bankers Service Corporation, New York

Baldwin resigning the presidency to become chairman of the board.

The Bankers Service Corporation is employed by financial institutions in connection with development activities through personal solicitation, customer cultivation and published advertising. It is one of the oldest organizations of its kind in the field, having been in operation since 1908.

Among its present clients are included the East River Savings Institution of New York, the Corn Exchange National Bank of Philadelphia, the Illinois Trust and Savings Bank of Chicago and the Mississippi Valley Trust Company of St. Louis.

In the eastern field it is represented by

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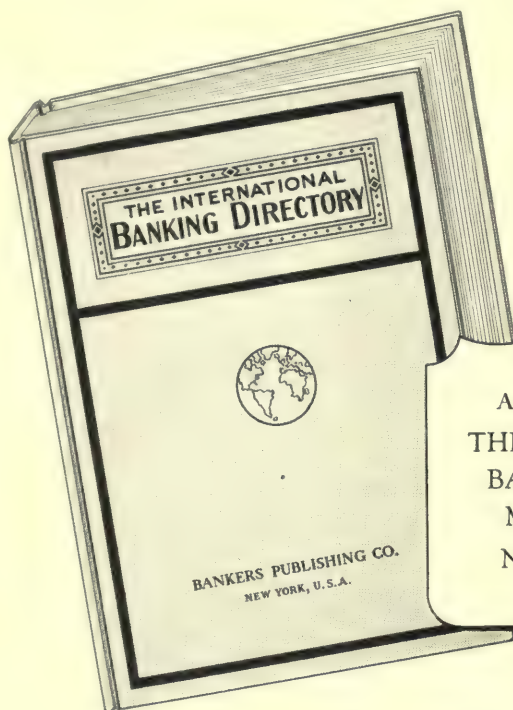
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the Banks of
the entire World
under
one Cover*

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New York

Bankers, Exporters and Importers

WE announce the forthcoming publication of the 1922 edition of the INTERNATIONAL BANKING DIRECTORY. This publication will be found of inestimable value to those requiring a dependable and comprehensive reference book containing a complete listing of banks and bankers throughout the world. It gives in addition requisite information as to resources, branches, agencies and correspondents as well as the names of the principal executives.

In addition there are new maps in colors showing every country, a complete table of money values of every country, and other features of practical and daily use.

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Please send us prepaid.....copies of the next.....annual issues of The International Banking Directory, for which we will pay Ten Dollars (\$10.00) per copy.

Name.....

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Signed by.....



CHARLES W. WESTON

Vice-president Metropolitan Trust Company,
New York

Mr. Weston was born in New York in 1876 and was educated in New York public schools. His first business experience was in the manufacturing of sewing machine attachments. He later represented New York interests in the development of water power on the Roanoke River in North Carolina, and in the erection and operation of knitting mills in that section.

He was in charge later of the real estate department in New York law firm. His early banking experience was gained with the Produce Exchange Trust Company, subsequently merged with the Bowling Green Trust Company, which was afterwards taken over by the Equitable Trust Company of New York. He entered the employ of the Union Pacific Railroad Company in New York in 1901, remaining with the treasury department of that road and its affiliated companies until 1919. He held the position of assistant treasurer for many years.

Mr. Weston became vice-president of the Metropolitan Trust Company in October, 1919. At present he is executive vice-president of the bank, and a member of the board of directors and executive committee.



JAMES T. MONAHAN

Vice-president Metropolitan Trust Company,
New York

Mr. Monahan was born in Brooklyn and began his banking career on Wall street. He went to Cuba after the Spanish-American War and lived there twelve years while connected with Zaldo & Co., bankers, and the National Bank of Cuba as branch manager.

He was vice-president of the Bank of Cuba in New York, which went into liquidation in 1921 when the parent bank in Havana finally closed. The depositors of the Bank of Cuba in New York, however, have received 85 per cent. dividends on their deposits in less than a year, and it is expected the small remaining balance will soon be paid the depositors.

Mr. Monahan speaks Spanish, is familiar with Latin-American banking, and has been asked to pass upon many matters connected with Latin-American affairs. He is a director of the Louisiana and Northwestern Railway, chairman of the preferred stockholders' committee of the Republic Motor Truck Company, and member of the reorganization committee of the South Carolina Light, Power and Railway Company, and is a member of the Bankers' Club and the White Beeches Golf and Country Club.

Robert Greig and H. C. Graham, vice-presidents. George J. Bailey is vice-president in charge of its Chicago and middle western territory. T. L. Farrar is vice-president for the south, with headquarters at Atlanta. W. A. Leonard was made vice-president in charge of Pacific Coast and far western business at the same meeting when R. B. Nisbet, Jr., was elected president.

Mr. Nisbet has been connected with the

Bankers Service Corporation since 1910 and since 1917 has been its general manager.

He is a graduate of Yale University, class of 1902, and has engaged in the business of bank development since 1905.

In that time he has personally managed over fifty intensive new business campaigns in eleven states.

Other officers of the Bankers Service Corporation are: G. Prather Knapp, vice-

president (former publicity manager of the Mississippi Valley Trust Company of St. Louis, Missouri); Mark A. Hanna, secretary; George F. Taylor, treasurer; George T. Kimball, assistant treasurer; and John Virgin, assistant secretary and field supervisor.

MELLON NATIONAL BANK BEING REMODELED

The Mellon National Bank, Pittsburgh, with the exception of the safe deposit department, has been moved to the old City Hall building on Smithfield street (immediately opposite the present banking house), where it will be located during the construction of a new building on the old site.

The old City Hall building has been remodeled and equipped to permit the maintenance of service without inconvenience to customers.

The safe deposit vault, which is part of the new building, has already been completed and is open for business, with an entrance from Oliver avenue.

EAST BROOKLYN SAVINGS BANK

The trustees and officers of the East Brooklyn Savings Bank announce the removal of the bank to its new building on Bedford avenue, corner of DeKalb avenue, Brooklyn, N. Y.

JAMES I. BUSH

James I. Bush, vice-president of the Equitable Trust Company of New York, sailed for Europe April 25. He will visit England and France in the interests of the company.

DANIEL BARNES DIES AT EIGHTY-NINE

Daniel Barnes, widely known as a pioneer merchant and shipowner and for fifteen years president of the Seamen's Bank for Savings, New York, died of heart disease, April 20. He was in his eighty-ninth year.

At the time of his death, Mr. Barnes was a trustee of the Seamen's Bank for Savings and a director of the Mechanics and Metals National Bank, a member of both the Maritime and the Produce Exchanges, chairman of the finance committee of the American Seamen's Friends Society and regent and

chairman of the finance committee of the Long Island College Hospital. He had retired from the presidency of the Seamen's Bank on the last day of December, 1921.

Mr. Barnes belonged to that group of merchants who built up the glorious tradition of the American merchant marine and the "clipper" ship in the days before the Civil War. He was born in New Haven, Conn., on August 7, 1832, the son of Daniel and Cornelia Van Cleeve Barnes and a great-grandson of Roger Sherman. He was privately educated in New Haven and New York, the family establishing its permanent residence here in 1840. In 1848 he joined the firm of Richard P. Buck & Co., shipowners, in the capacity of clerk, rising to the position of senior partner before his retirement from active conduct of the firm's affairs in 1895.

Mr. Barnes was all his life an active organizer and contributor to philanthropic societies, especially such as aimed at alleviating the lot of the seafaring man. This caused him to identify himself early with the Seamen's Bank for Savings, of which he was elected trustee in 1886 and cashier two years later. In October of 1906 the office of president of the bank fell vacant, and no one was better qualified by experience and temperament to fill it. His successful administration of fifteen years witnessed a period of remarkable growth and expansion for the institution.

The commercial activities of Mr. Barnes were as varied as his benevolences. He was one of the incorporators of the Maritime Exchange and an original member of the Produce Exchange, serving on the governing committees of both up to the time of his death. In 1907 he became a director of the Mechanics and Metals National Bank.

PHILADELPHIA SAVING FUND SOCIETY DEPOSITS GROW

The statement of the Philadelphia Saving Fund Society at January 1, 1922, shows deposits of \$169,958,578.20, compared with \$35,794,605.50 at January 1, 1893.

BOOKLET ON INCOME TAX LAW

Brown Brothers & Co. of New York have published a booklet entitled "Federal Income Tax, Profit or Loss on Sale of Securities," which covers recent decisions made by the United States Treasury Department and changes as provided in the Revenue Act of 1921.

New England States

**Comprising Maine, New Hampshire, Vermont, Massachusetts, Connecticut
and Rhode Island**

The First National Bank of Boston

**The leading financial institution of
New England**

**Foreign and domestic commercial
banking of every nature**

Correspondence solicited



OLD in years and traditions, but young in spirit, this oldest bank in New London, Conn., the National Bank of Commerce, has provided itself with a banking house in keeping with the colonial spirit of the city and the enterprise which pervades it. From the plans of

Thomas M. James Company

3 Park St., Boston, Mass.

Fuller Building, Springfield, Mass.

342 Madison Ave., New York

511 Blackstone Building, Cleveland, Ohio

ECONOMIC CONDITIONS IN THE
NEW ENGLAND STATES

THERE has been no rush back to normal in New England. On the contrary, recovery has been slow, but it has been very steady, and recessions have been less violent here than in those sections of the country where a more speculative spirit ruled. It can now be said, however, that the last of the lagging industries have definitely turned the corner.

The great textile strike has hit the textile centers pretty hard as far as local business is concerned, but the strike was not unforeseen and the disruption of business has been minimized by that fact. Also there are rumors of an early settlement of the trouble, and fundamental conditions in the textile industry are such as to promise a compensating activity soon in the towns and cities now so hard hit. Except in these areas retail trade is very good. Buying is on a broader basis and merchants are finding it easier to gauge the probable needs of their customers. This makes for wider buying in wholesale and manufacturing lines.

The building and construction industry holds the key to business improvement in New England. The increase in construction has not only been most striking in itself, but the most important fact is that now, for the first time in two years or more, a large amount of small construction is under way—houses, tenements, etc.—that will go far to bring down the most stubborn item in the cost of living—rents. There is an abundance of money available for mortgages and construction loans, and the rates are reasonable. Trade in lumber, cement, brick, hardware, roofing material, paints, oils, steel and iron is increasing rapidly and the new impetus has also reached lines only indirectly related to the building industry.

Unemployment, except in the strike areas, is steadily on the decrease, and in many lines the readjustment of wages has been accomplished more easily than seemed possible.

The shoe industry is lagging a bit. Prices for hides and leather have resisted the downward pressure and there has been enough unsettlement on this account to make buyers wary of stocking up ahead. Retail prices on shoes have only just come down, and the buying public is beginning to take an interest again. Dealers are slow about placing orders for fall goods, as they are looking for further price changes.

The automobile trade in New England reflects the general improvement, as dealers

1836

1922

Financing the clip
from all over
the world

THE 3,000-year-old processes of fabricating sheared fleece into clothing have become so specialized that today wool supports at least a score of distinct industries. Each of these has developed commercial practices which must be well understood by the banker who purposes to serve them intelligently.

America produces only one-tenth of the world's wool and spins twice the quantity grown here. The balance is imported from Australia, South America, and the Near and Far East. Without the co-operation of large banks having international connections, this commerce would be difficult and financially hazardous.

The world-wide connections of The National Shawmut Bank can be used to excellent advantage in financing wool operations, and in speeding the handling of documents. Nearly three-fourths of U. S. importations enter via Boston, to keep New England mills humming. An ever-growing volume of raw and manufactured wool financing is handled through this bank.

Correspondence is cordially invited.

**THE NATIONAL SHAWMUT
BANK of BOSTON**

Capital and Surplus \$20,000,000

Audits and Systems for Banks

Our specialty is conducting efficient and thorough bank and commercial audits, and the installation of accounting systems for banks, trust companies, and foreign exchange departments.

**McArdle,
Djörup & McArdle**
42 Broadway, New York

report that sales in March and April ran far ahead of earlier expectations.

The coal strike has little effect in New England as yet, as this section is well stocked up, and high water in the streams has furnished an abundance of power that has cut down the consumption of coal materially.

Money rates are low, there being an abundance of money at 5, 5½ and 6 per cent. The demand is not so heavy as financial circles thought it would be from commercial sources, but it is felt that the new buying movement which is under way in all lines will bring about an increase in the demand for funds for restocking later in the year. In the meantime there is a good deal of quiet refinancing going on at the lower rates.

Business failures are on the decrease. The figures still run ahead of last year, but there is a noticeable decrease from week to week, and for the most part the failures are small and relatively unimportant.

CONVENTION DATES

Maine—at Augusta, June 17.

Rhode Island Bankers Association—at East Providence, May 17.

New England—at New Castle, N. H., June 23-24.

FRANK A. NEWELL

Frank A. Newell, vice-president of the National Shawmut Bank of Boston, has been elected a trustee of the Wildey Savings Bank of Boston. Mr. Newell has been a member of the National Shawmut staff for many years and has a wide acquaintance among bankers throughout the country.

NEW HOME FOR NORWALK SAVINGS BANK

The Fairfield County Savings Bank is to erect a new home in Norwalk, Conn., costing \$50,000, which will be completed next September. The bank soon will observe its fiftieth anniversary and the erection of this building in a way is to commemorate this event. When completed it will be one of the finest savings bank buildings in the state.

Dr. James G. Gregory, the president, is active in Norwalk affairs and has given to the bank a large share of his time. Judge Henry W. Gregory is the vice-president, and Seymour Curtis the treasurer. The directors are J. Thornton Prowitt, Arthur C. Wheeler, John P. Treadwell, Herbert R. Smith, John T. Hayes and Hanford S. Weed.

CHICOPEE NATIONAL BANK

A modern 10-story bank and office building is to be erected in the immediate future by the Chicopee National Bank, at Springfield, Mass.

VICTOR R. FRAZIER

Victor R. Frazier has been appointed cashier of the High Street Bank at Providence, R. I., to succeed Robert E. Cooke.

Park Trust Company

Park Building, 511 Main Street
WORCESTER, MASS.

Capital \$200,000
Surplus and Earnings..... 202,500

F. A. Drury, President.

T. J. Barrett, Vice-President.

H. M. Abbott, Treasurer.

Frederick J. Bye, Assistant Treasurer.

Send us your Massachusetts collections.

Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, and Tennessee

ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By THOMAS EWING DABNEY

SOME business men of New Orleans were discussing the situation at lunch the other day.

"I never saw anything like it," one man—a foreign freight broker—declared. "If it keeps up at this rate, we won't be able to handle the business at all. We won't be able to deliver the goods. I have inquiries for \$4,500,000 of merchandise on my desk right now."

"How about orders?" he was asked.

"The orders will come. Four and a half million dollar deals aren't closed in a day or a week. I tell you, we are on the verge of one of the greatest business eras in the history of the country," etc., etc., etc.

"Yes," said the others, more conservatively, "the corner has been turned. We have been told that we were turning the corner until we hated to see an afternoon speaker get on his feet. Now we have turned it."

That's a fair example of the feeling in the South today. The man who was afraid that we wouldn't be able to handle the business was straining optimistic license; but the point is, that three or four months ago he would have been talking like the president of the suicide club.

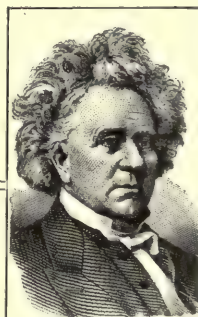
The Southern Pine Convention, recently held in New Orleans with a record-breaking attendance, reflected the remarkable change in sentiment in the Southern States. The personal and public expressions of confidence were based principally on the improvement of the lumber industry, of course; but that improvement is traced to the improvement in the general situation.

Farm work has been delayed by excessive rains in certain sections, but is beginning to hit its stride. Reports from representative sections show that the farmers are exhibiting great determination to keep expenses down, and while a reasonable amount of fertilizer is being used, there is every indication that the crop will be produced with as small an outlay of money and the use of as little credit as possible. The farmers

have not forgotten the live-at-home lessons of the recent and painful past, and are putting a sufficient acreage into the production of foodstuffs and feed to supply home requirements. King Cotton's power is broken. His is now a limited monarchy.

Indications are that Alabama will increase the acreage to cotton, Irish potatoes and vegetables; and that the acreage to sweet potatoes and sugar cane will be about the same as last year. The amount of corn held on Georgia farms is greater than in any previous year, according to the bureau of markets. Likewise, Georgia's corn sales have set a record.

In Louisiana the rice situation is daily getting stronger. A shortage is practically a certainty. Both the domestic and the for-



Merchants National Bank

RICHMOND, VA.

Capital . . . \$400,000
Surplus and Profits over 1,836,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

Bank of Charleston, N. B. A.**CHARLESTON, S. C.**

Capital.....	1,000,000
Surplus and Profits....	1,000,000
Resources.....	15,000,000

E. H. Pringle, Pres.
 E. H. Pringle, Jr., Vice-Pres.
 R. S. Small, Vice-Pres.
 A. R. LaCoste, Vice-Pres.
 G. W. Walker, Cashier.
 J. H. Lucas, Assistant Cashier.
 C. N. Fishburne, Asst. Cashier.

Special attention given to city collections.
 Drafts on Charleston drawn with exchange
 remitted without charge.

foreign demand have been increasing, and the price is ruling higher.

The planters of Louisiana will put about 288,000 acres into sugar cane, about the same as the 1921 acreage. In 1921, the per capita consumption in the United States was 97.8 pounds, the highest on record.

Turning to business, we find, from the figures compiled by the Federal Reserve Bank, that the comparison of February with a year ago is better than any similar comparison for several months. The decline for the districts was 15.5 per cent. To be more specific, Atlanta's retail sales were 17.3 per cent. less in February than a year ago; Birmingham's, 33.5 per cent. less; Jackson's, 10.7 per cent. less; New Orleans', 11 per cent.; Nashville's, 7.1 per cent.; Savannah's, 26.2 per cent.; other cities, 15 per cent.; average, 15.5 per cent.

The wholesale trade shows an increase in February compared with January in dry goods, shoes, furniture and farm implements; and decreases in groceries, hardware, stationery and drugs. Except in hardware, the decreases are very small. The hardware decrease was 12.4 per cent. The increase in dry goods was 13.4 per cent.; in shoes, 19.1 per cent.; in furniture, 11.9 per cent.; in farm implements, 86.6 per cent. So that the general wholesale situation is very encouraging.

The statement of debits to individual accounts at fifteen clearing house cities of the Sixth Federal Reserve district for the four weeks ending March 1, while not showing an increase over the same period in 1921, reflects a continuation of the improvement of previous periods. For the period ending February 1, the comparison revealed a decrease of 12.5 per cent.; for the month

before, 16.5 per cent. The decrease for the period ending March 1 was only 8.9 per cent.

This is the average for the district. Montgomery, Pensacola and Tampa showed substantial increases. Nashville and Chattanooga showed the greatest decreases—33.8 and 22.7 per cent., respectively. Knoxville, another city of Tennessee, showed a decrease of 8.1 per cent. Jacksonville, the largest city in Florida, showed a decrease of 10.5 per cent.

New Orleans showed a decrease of 1.7 per cent.; Vicksburg, 1 per cent.

In Georgia, Atlanta, Augusta, Macon and Savannah showed decreases ranging from 8.7 to 14.8 per cent.

The 8.9 per cent. decrease of the sixth district compares with an average of 3.5 per cent. increase for the entire United States.

Of the twenty-three reports made by banks on acceptances in February, twelve showed no transactions of this kind whatever; six of the banks executed 12.4 per cent. more domestic acceptances than in January, and 68 per cent. more than in February, 1921; and six banks reported 18.6 per cent. more foreign acceptances than in January and 64 per cent. more than in February, 1921.

Building is increasing at a healthy rate throughout the South, except in a few places, among which New Orleans is the most notable. There was 28 per cent. less building in New Orleans during February, 1922, than in 1921. Typical increases in other places are Vicksburg, 850 per cent.; Birmingham, 157 per cent.; Atlanta, 89 per cent.; Nashville, 146 per cent.

In the manufacturing lines, the textiles showed a slight decrease; lumber a healthy increase; cotton seed products an increase; candy manufacturers an increase; brick plants, no change.

The employment situation throughout the South shows an improvement, with wages cut less than the reduction in living and efficiency greatly increased. The farms report an abundance of labor.

**CONVENTION DATES.**

Georgia—at Atlanta, May 24-26.
 Texas—at Fort Worth, May 17-19.
 Virginia—at Hot Springs, June 15-17.
 Alabama—at Montgomery, May 18-20.
 South Carolina—at Asheville, N. C., June 13, 15.
 District of Columbia—at "Homestead," Hot Springs, Va., June 10-13.

First National Bank

Richmond, Virginia



The Old First--Established in 1865

Capital and Surplus . . . \$3,500,000

Resources 30,000,000

OFFICERS

JOHN M. MILLER, Jr. President
C. R. BURNETT Vice-President
ALEX. F. RYLAND Vice-President
S. P. RYLAND Vice-President
S. E. BATES, Jr. Vice-President
THOS. W. PURCELL, V-Pres. & Tr. Officer
JAMES M. BALL, Jr. Cashier

ALWAYS a leader in the development of industrial and commercial enterprises of the South, and exceptionally well qualified to handle the accounts of banks, corporations and individuals.

RIGGS NATIONAL BANK TO BE REMODELED

Detailed plans for the proposed remodeling of the Riggs National Bank, Washington, D. C., building, 1503 Pennsylvania avenue, have been announced by Appleton P. Clark, Jr., architect. Construction will start as soon as favorable weather conditions permit.

The present west building will be completely removed, and in its place an entire new building covering the depth of the lot will be erected which will have five stories and a basement.

This new building will be connected to the present banking room by removing three of the large panels on the west side of the room, opening up the first and second stories of the addition into the banking room.

The banking room floor will be arranged so as to place the offices along the east wall, and thence the various departments extend around the north and west sides of the lobby and over into the annex facing on the sub-lobby. This arrangement places these departments nearest to the bookkeeping sections on the floors above, which are reached by the electric elevator and stairs in a rear central location.

The ladies' room and the tellers are located toward the front, with windows facing the avenue and the side alley.

At the southwest corner of the main room will be a staircase to the safe deposit department to be located in the front basement, and a staircase to the mezzanine to be placed across the front—an electric elevator will also connect the first floor with the safe deposit and the mezzanine.

The mezzanine in the front will provide space for the trust department, new business and the desks for letter writers, etc., for the customers of the bank. The telephone switchboard will also be placed in this balcony, so the operator will have a view of the main floor.

One of the marked changes in the bank will be the removal of the vault and the placing of a new money and securities vault in the rear of the building, above which will be provided an additional mezzanine for the stenographers.

The proof and bookkeeping departments will be placed in the second story of the annex, and will show in the banking room as a mezzanine—on the same level as the front mezzanine. A vault is provided at the south end for checks, deposit slips, ledgers, etc.

The third floor will contain the directors' room, the transit department and registry and insurance, with some surplus space. The fourth floor will contain accommodations for the ladies and a large file room, which will be fitted up with metal cases. The fifth floor will contain an emergency room, a lunch kitchen and some surplus space.

A staircase will lead out to the roof, which will be laid with red tile, forming a roof garden. The front portion of the basement is taken up by the safe deposit department, which is reached by stairs and elevator from the banking room. The vault will be of the most modern type with a large, round door and boxes finished in polished steel. The balance of the basement is given over to the mechanical equipment, storage and the accommodations for men.

ANNEX TO THE BANK OF COMMERCE OF NORFOLK

Work has been commenced on the thirteen-story addition to the National Bank of Commerce building, Norfolk, Va.

The operation will represent a total expenditure of some \$400,000 and will give the National Bank of Commerce one of the largest banking rooms in the entire South, in addition to increasing the office space on the upper floors by half.

The addition, which will occupy the site of the twenty-three-foot building adjoining, will be entirely similar in design and material to the present structure. Brick, terra cotta, limestone and marble will be used for finishing.

Peebles & Ferguson are the architects who drew plans for the addition. E. W. Minter & Co., of Norfolk and New York, received the contract.

When the addition is ready for occupancy, the banking rooms of the National Bank of Commerce will occupy the entire ground floor except for the entrance lobby, which will extend across the Main street front with elevators at one side.

The banking rooms will be so arranged as to provide a platform for officers' desks which will extend nearly the full length of the Atlantic street side of the building. Space will be available for every modern convenience, and a special department for savings accounts will be included, with separate tellers for that work.

In appearance the banking rooms will be similar to the present treatment, new columns being included to match those now standing.

Plans for the building call for a separate safe deposit vault to be located underneath the present vault. The new vault will be reached by a marble stairway leading downward from the bank lobby. In connection with this vault there will be individual and double coupon booths opening from its special lobby.

FIRST NATIONAL BANK OF NEW WINDSOR

David E. Stem, who passed away March 4, 1922, in his eighty-eighth year, was one of the most successful merchants and highly esteemed Christian gentleman in the South. In 1882 he was elected a director of the First National Bank of New Windsor, Maryland, and in 1901, president. He had also been president of the Westminster Deposit and Trust Company, Westminster, Indiana, since its incorporation in 1898.

Mr. Stem owned the large farm on which was built the first Methodist Meeting House in America, 24 by 24½ feet, erected in 1764 by Robert Strawbridge. The log building was demolished in 1844. Gavel and canes were made of the wood and distributed among prominent members of that faith. In 1914, the one hundred and fiftieth anniversary, a monument was erected and the site conveyed to the Methodist Episcopal Historical Society.

J. Winfield Snader has been a director of the First National Bank many years. Nathan H. Baile was unanimously elected president after being with the bank fifty-three years, having served as cashier since March, 1874. J. Walter Getty was appointed a director and cashier, after being associated with the bank thirty-two years.

FIRST NATIONAL BANK OF CLARKSVILLE

The statement of condition of the First National Bank of Clarksville, Tenn., at March 10, 1922, shows total resources of \$1,896,806.47; surplus \$100,000; undivided profits \$64,316.23; deposits \$1,416,240.01.

W. L. PONDROM

At a meeting of the board of directors of the Guaranty Bank and Trust Company, Beaumont, Texas, W. L. Pondrom was elected as active vice-president. All of the other officers were reelected as follows: I. R. Bordages, president; J. T. Shelby, active vice-president; G. Hughes Petkovsek, cashier, and C. Ford Channing, assistant cashier.

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS.

BUSINESS is picking up. There isn't any doubt about it. Financially and commercially, the situation in the Central West is better than it has been at any other time in a year and a half. The advance in prices of farm products, more rapid progress in liquidation in the agricultural districts, easier money and lower interest rates, placing of orders by the railroads for equipment and track accessories on a liberal scale, resumption of building activities in such a manner as to promise a record-breaking season in construction work, indications of a good yield of soil crops for the year, signs of industrial revival under the leadership of iron and steel, movement of larger tonnage over the transportation lines, a lessening of unemployment with the opening of spring work and a more confident feeling on the part of buyers, both retail and wholesale, are some of the straws pointing in the direction of better times. In some departments the change for the better amounts to a transformation; in others the gain is slight, but in all there is abundant evidence that the turning point has been passed and conditions are on the mend. Close observers do not expect anything like a boom, realizing that there are still some months of convalescence to be passed through before all the ills of after-war readjustment can be cured, but they are cheered by the favorable symptoms and believe that permanent improvement is in sight.

To try to tell how or in just what quarter the first encouraging developments began would be like trying to identify the first sign of spring. Perhaps the upward movement in the prices of grains and livestock adding \$1,000,000,000 or more to the agricultural wealth of the country in a few weeks was the first manifestation of change to attract widespread attention. This dispelled clouds of depression that had settled over the farming section for months, inspired renewed faith in the future and was reflected almost immediately in an enlarged

A Strong Personnel

Our Banking, Trust, Investment, Real Estate and Safe Deposit Departments are in charge of thirty-two officers—any one of whom will be glad to hear from your bank.

Mississippi Valley Trust Co.

Organized 1890

St. Louis, Mo.



interest in the purchase of all kinds of supplies, from matches to machinery. Part of the gain in the grain markets has since been lost, because the origin of the movement was manipulative and in a degree political and not due to natural economic causes. It followed with suspicious suddenness a meeting of certain big speculators in Washington in connection with a conference of farm bureau representatives. When once begun, however, the public took a hand, a buying wave developed and the lifting of prices to levels more satisfactory to producers was the result. While the peak of the wave has passed, much of the benefit remains. Most of the last wheat crop has been marketed, but hogs are still selling around \$10, and that is where the

farmers get their best returns from the corn crop.

In the last month the Federal Reserve Bank of Chicago has reduced its rediscount rate to $4\frac{1}{2}$ per cent. from 5, the figure that was in force for several months, bringing this institution into line with seven others in the system on the $4\frac{1}{2}$ per cent. basis. Commercial paper is now being placed at $4\frac{3}{4}$ to 5 per cent. for the bulk of transactions. A few of the best names can be sold at $4\frac{1}{2}$, but the amount of high class paper offering is not large. Borrowing demand is moderate, because no one is stocking up on either raw materials or finished goods. The drastic loss-taking which has made such sad reading of dozens of corporation reports which have been coming out since the first of the year is too fresh in mind to encourage any expansion of inventories until it is reasonably sure that price readjustment has run its course. Bank loans are at 5 to 6 per cent., with most of the business at $5\frac{1}{2}$ to 6.

Retail business has been held in check somewhat by a backward spring, and in the country districts by a fortnight of rainy weather which made roads in many sections almost impassable; but the Easter turnover was satisfactory and the coming of higher temperatures has put more life into trade. Millinery, oxfords, hosiery, light apparel and dress fabrics are moving in substantial volume. Household furnishings and building supplies such as hardware, paints, etc., are in better demand than they have been for a long time. Recent reductions in staple cottons have stimulated buying in those lines. Sales of the last few weeks have been fairly well patronized, but considerable selling pressure is still necessary to get good results.

Wholesale orders are not quite up to those of the corresponding time last year, but the movement of merchandise is steady and in good volume, so complaints are few. Road orders show an increase in numbers and requests for immediate shipment are still the rule. Belated buying of spring and summer goods for filling in of stocks has been a feature of the last few weeks and is an encouraging indication of improving distribution from retailers' shelves. Collections are a little slower.

Steel plants of the district are running at 60 to 70 per cent. of capacity, with some departments at 100 per cent. These figures compare with 25 per cent. at the low point last July. Some thousands of men have been added to the mill forces. Buying shows a gratifying increase in nearly all

departments and the markets have firmed up materially, bringing price advances in some of the products in greatest demand, notably sheets and bars. Railroad buying has been the most important factor in the improvement in this industry. Orders for between 20,000 and 30,000 cars have been placed with the builders in this district in the last few weeks, and more are in negotiation. The carriers, with better control of their expenditures accomplished and improvement in earnings in sight, are buying track materials more freely. Structural orders are now coming in larger volume and make a substantial tonnage in the aggregate. There is also considerable buying by miscellaneous manufacturers and for the replenishment of warehouse stocks, which are generally low. The upward trend of prices has quickened this demand. Pig iron is steady at around \$20 and bookings for the second half of the year are encouraging.

Building operations are under way on a larger scale than at any other time since the war put a stop to construction work. There are still annoying labor complications, but much progress has been made toward enforcement of the Landis awards and providing non-union workmen in the trades that have refused to accept the arbitration findings. Prospective builders seem to have come to the conclusion that conditions are about as favorable as they are likely to be for some time, and that material prices can hardly go much lower in face of the strong demand resulting from the large amount of work already in progress. Large projects held up for years are going ahead and the number of apartment houses and dwellings being erected runs into large figures. The number of permits issued continues to show an increase of around 100 per cent. over last year.

The coal strike has not had any perceptible effect beyond a slight decrease in railroad tonnage. Domestic users as a rule have bought only enough to get them through the cool weather comfortably, while industrial consumers have shown little disposition to stock up. Yards are well filled, however, and supplies are adequate for many months. That there will be higher prices if the struggle at the mines should be protracted is generally expected, but the fear of this development evidently has been outweighed by the expectation of lower prices when the strike is over.

Railroad travel seems likely to come nearer to normal proportions in the coming season than it has since the war. An-

nouncements of rate reductions are appearing every few days and the carriers seem to be devoting a good deal of energy to stimulating tourist and homeseekers' excursions.

The investment market continues strong. Offerings of new securities are numerous and in large volume, but attractive issues are absorbed readily. Easing of money conditions makes investors eager to take advantage of high yields while they last. The advance of Liberty Bonds to par and the disposition shown by some corporations to refunding outstanding obligations bearing high rates of interest with long-term securities at lower rates are object lessons that are not lost on the public. Savings deposits continue to show a healthy, although slow, increase.



CONVENTION DATES

Financial Advertisers Association—at Milwaukee, June 11-15.

Reserve City Bankers Association, Kansas City, May 22-23.

Illinois—at St. Louis, June 22-23.

Indiana—at Indianapolis, Sept. 13-14.

Wisconsin, aboard steamer, June 17-24.

Ohio—at Cincinnati, May 17-19.

Iowa—at Davenport, June 6-7.

Minnesota—at St. Paul, June 20-21.

Michigan, aboard steamer, June 12-15.

GEORGE WOODRUFF GOES TO CHICAGO BANK

George Woodruff has been appointed to the vice-presidency of the National Bank of the Republic, Chicago, to fill the vacancy caused by the death of William T. Fenton.

DIRECTORS OF THE FIRST NATIONAL COMPANY MEET

At a meeting recently of the board of directors of the First National Company, St. Louis, the resignation of Tom W. Bennett as president of that company was presented and accepted, to become effective on May 15. Mr. Bennett found it necessary to have an extended rest and to be entirely relieved of responsibilities.

F. O. Watts, president of the First National Bank, was elected president of the First National Company, effective on the date of Mr. Bennett's departure, but the active charge of the company's affairs will devolve upon Henry T. Ferriss, who continues his position as first vice-president, but with the added duty of full responsi-

First



Chicago

Developed through the growth and experience of more than half a century

The First National Bank of Chicago

James B. Forgan, Chairman of the Board
Frank O. Wetmore, President

and the

First Trust and Savings Bank

James B. Forgan, Chairman of the Board
Melvin A. Traylor, President

offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

**Combined resources over
\$375,000,000**

Are Your Coal Mines making money today?

Peabody-managed mines are. Let us show you why. Our service includes managing, operating, financing, selling. Experience 39 years.



PEABODY
COAL COMPANY

Founded 1883

332 South Michigan Ave. - CHICAGO

Operating 36 Bituminous Mines in 11 Fields with Annual Capacity of 21,000,000 Tons

bility for the management of the company's business.

The First National Company is located in the main quarters of the First National Bank and constitutes the bank's investment division, and deals actively in various kinds of investment securities, including Municipal and Government bonds, corporation securities and real estate loans.

It will be recalled that the First National Bank on January 1, 1921, consolidated the Mortgage Trust Company and the Mortgage Guarantee Company and absorbed at that time both companies which were operating at Broadway and Pine streets, with Tom W. Bennett as president. A little later on the old company was moved from the location at Broadway and Pine streets, into the First National Bank at Broadway, Locust and Olive, and continued to operate as the Mortgage Trust Company until Jan-

uary 1, 1922, when the name of the First National Company was adopted.

The other officers of the First National Company remain the same, and are as follows: Natt. T. Wagner, Lloyd P. Wells, Eugene F. Williams, Lawrence Kinnaird, vice-presidents; Charles H. Wiegard, treasurer; H. H. Hodgdon, secretary; L. E. Mahan, F. E. Henry, John M. Maloney, W. L. Schnepel, assistant secretaries; Alfred Fairbank, Harley A. Watson, assistant bond officers; William C. Tompkins, auditor.

CHANGES ON CONTINENTAL AND COMMERCIAL BANK STAFFS

Several important changes were made in the official personnel of the Continental and Commercial Banks, Chicago, at the annual election, April 10. The election was to have been held on January 10 at the time when all national banks elect officers for the year, but it was deferred to give opportunity to work out details incident to the absorption of the Fort Dearborn banks.

The election officially completed the merger of the banks. Five of the eighteen officers of the Fort Dearborn National Bank were elected to the Continental and Commercial roster and two of the eight Fort Dearborn Trust and Savings Bank officers were kept by the Continental and Commercial Trust and Savings Bank.

R. T. Forbes and George H. Wilson, vice-presidents of the Fort Dearborn National, will retain their rank with the Continental and Commercial National. Henry R. Kent, Charles Fernald and William L.



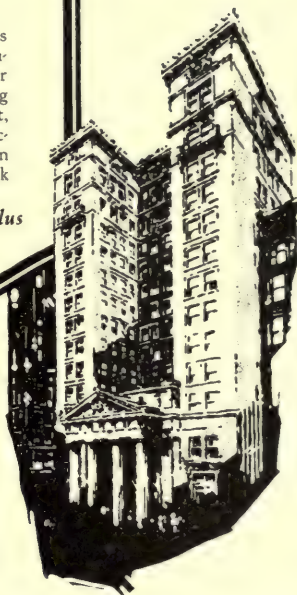
BANKING UNDER DIFFICULTIES

The First National Bank, Cloquet, Minn., just after one of Minnesota's worst snow storms

The
**UNION TRUST
COMPANY**
Cleveland

ONE of the country's mightiest banking institutions and the center of commercial banking activity in the great, wealthy industrial section midway between Chicago and New York

Capital and Surplus
\$33,375,000



McKee, vice-presidents of the Fort Dearborn National, were made assistant cashiers of the Continental and Commercial National.

Two new directors were elected at the stockholders' meeting of the Continental and Commercial National Bank, Claude G. Burnham, executive vice-president of the Chicago, Burlington & Quincy Railroad, being chosen to fill a vacancy, and Owen T. Wilson, president of Wilson Brothers, replacing M. H. Wilson, who retired and has moved to California.

At the meeting of the Continental and Commercial Trust and Savings Bank, Henry C. Olcott, vice-president, was elected a director, succeeding Louis B. Clarke, resigned. John E. Shea was appointed assistant manager of the savings department, and H. A. Johnson assistant secretary of the trust department. Both are former officers of the Fort Dearborn Trust and Savings Bank.

All other officers and directors of both banks were reelected.

CHICAGO TRUST COMPANY

The Chicago Trust Company has increased its capital from \$1,000,000 to

\$1,500,000. It has transferred \$100,000 from undivided profits to the surplus fund, making the latter \$500,000. The statement shows combined capital and surplus of \$2,000,000 and \$259,668.73 undivided profits.

BANK OF LUXEBURG, WIS.

The Bank of Luxemburg, Wis., is in its own modern building. The capital of this



The directors and stockholders of the Bank of Luxemburg, Luxemburg, Wis.

bank is \$70,000, surplus, \$30,000, undivided profits, \$8,264.96, deposits, \$1,021,673.64 and total assets, \$1,130,178.60. The directors

and stockholders of the bank are shown in the accompanying unique photograph grouped about the building.

EMORY W. CLARK DELIVERS RADIO ADDRESS

Delivering an informative and advisory address on financial subjects, broadcasted by radiophone to an audience computed to number between 300 and 400 thousand persons, on April 5, Emory W. Clark, president of the First National Bank in Detroit, sent out from the powerful wireless station of the *Detroit News*, on a 360 meter



EMORY W. CLARK

President First National Bank, Detroit, Mich.

wave length, a message, which under normal conditions would be heard over a radius of 1,000 miles.

Mr. Clark's address, which was intended especially for a Michigan audience, and was also heard throughout Ohio, Indiana, Illinois and parts of Canada, stressed the exceptional business solidarity of Michigan on account of its varied resources, and at the same time counseled conservatism in investments and the budgeting of incomes to make possible the accumulation of savings even during quiet times. He also drew attention to the practical workings of the Federal Reserve System.

How many of you have thoughtfully considered how varied are the industries of Michigan, and what this variation means to the welfare of our people.

Industry in some of the Southern States is confined almost entirely to agriculture. States of the East rely largely on their manufactured products for employment and welfare, and in the West many states are devoted to agriculture, grazing or mining.

In Michigan, on the other hand, the value of our farm products is about equal to that of our factories; and in addition we are one of the leading mineral producing states of the Union. In many states depression in their particular line means depression for the state as a whole; but in Michigan our eggs are not all in one basket. We are consequently as self-reliant as any state, and suffer less from depression and profit more from good times.

Many lines are feeling the pulse of quickened business, and from the national standpoint no country in the world, suffering the depression this country has experienced, has advanced so far as ours on the road to normal conditions.

While I am convinced that better times are just ahead, I am equally sure that the great industrial improvement to which we all look forward will not come until foreign exchange again opens the foreign markets.

I wonder how many of you appreciate what a strong banking system we have in the United States, and that this system was enabled to expand and contract to meet the changing conditions during the war by the Federal Reserve System, which was hardly installed before the strain of the war was upon it.

It is true that the management of several of the regional banks of the Federal Reserve System is not perfect; but I doubt if it would have been possible before the war to establish a Federal system better able to meet the unusual demands put upon it, and I consider it one of the greatest powers for good ever created in this country.

In conclusion, Mr. Clark urged a spirit of patience, a realization that our financial troubles are not all over, and the budgeting of family revenues so that expenses might be less than incomes which have been curtailed.

SIXTY YEARS OF BANKING

On the occasion of the sixtieth anniversary on May 1, of his service with the Waukesha National Bank of Waukesha, Wis., Andrew J. Frame, chairman and director, sent as a greeting to friends an historical sketch of the progress of the bank and of the banks of the State of Wisconsin and the United States. The history of the Waukesha Bank is given below from its founding. Mr. Frame was engaged as an office boy with the bank seven years after it opened.

A Greeting to Friends Everywhere:

As this day closes my sixtieth anniversary with the Waukesha National Bank and its predecessor, the Waukesha County Bank, may I be permitted to brief an historical sketch of their progress, also of the banks of the State of Wisconsin and the nation at large to date?

The location of the Waukesha County and later the Waukesha National Bank is on the very spot where my father blacksmithed from 1840 to 1844, when he died. I was born in 1844, therefore the spot is doubly interesting to me.

On February 18, 1855, the founders of the Waukesha County Bank met in the office of Hon. Alex. W. Randall (afterward governor of Wisconsin and Postmaster General of the United States). The capital was fixed at \$25,000. The population of Waukesha then approximated 2,400.

These banks, from 1855 to May 1, 1922, stood through the panics of 1857, 1873, 1893, 1907 and throughout the late world war, meeting every demand promptly, growing stronger through conservative management, until today the slogan, "Stronger than ever," as applied thereto, has become a household expression even in regions beyond home borders.

On May 1, 1862, the writer, at 18 years, was engaged as office boy at the munificent salary of \$100 for eight months, to January 1, 1863. With characteristic Scotch thrift, as the small income did not go for sweets or frivolities, a part was saved. This same result was attained in subsequent years with the writer's annual salary, which, by the way, never exceeded \$900 per annum until 1873. Absalom Miner was president when the office boy was called, and Charles H. Miner was cashier. Charles H. Miner is the only official or stockholder then connected with the bank, now surviving.

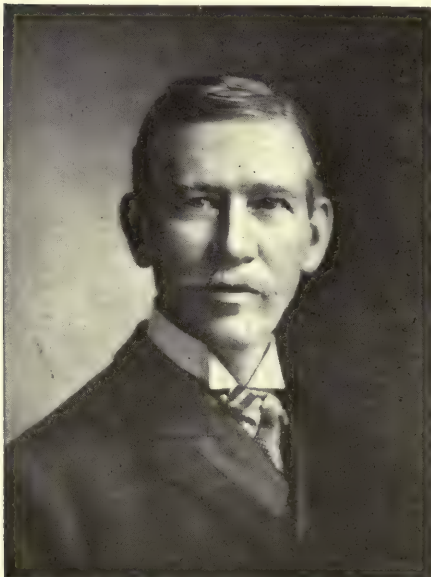
As the writer then had not heard of an eight-hour day, but strove for efficiency without watching the clock, he soon became book-keeper, teller and assistant cashier.

On May 8, 1865, the Waukesha National Bank succeeded the state organization, with Absalom Miner as president; Sebina Barney, vice-president, and Charles H. Miner, cashier. The writer was appointed assistant cashier May 22, 1865.

In 1866 Hon. William Blair succeeded to the presidency, and the writer, age 21, as cashier. The board of directors were Senator William Blair, Sebina Barney, J. H. Kimball, Judge Martin Field and Sewell Andrews. Senator Blair died in July, 1880, and the writer succeeded him as president, which office he held until January, 1920, when he became chairman of the board.

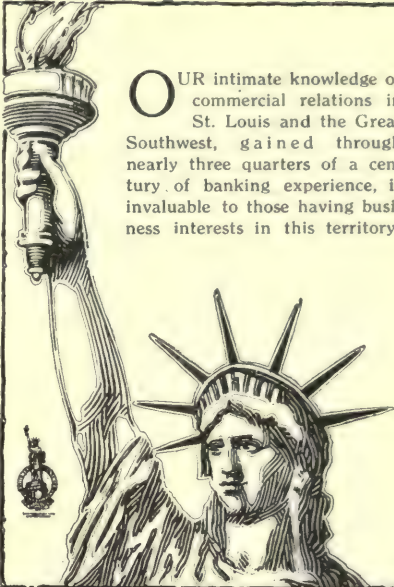
The roster of active officials May 1, 1922, is as follows:

Andrew J. Frame, chairman and director, in service since May 1, 1862—60 years; Edward R. Estberg, president and director, in service since 1880—42 years; Walter R. Frame, vice-president and director, in service since 1890—32 years; Charles H. Jacob, cashier, in service since 1891—31 years; Elmer M. Junemann, assistant cashier, 1909; Emma Thustan, manager safety deposit department, in service since 1891—32 years; Add H. M. Frame, vice-president (deceased), 1868 to 1919—51 years.



ANDREW J. FRAME

Chairman and director Waukesha National Bank of Waukesha, Wis.



OUR intimate knowledge of commercial relations in St. Louis and the Great Southwest, gained through nearly three quarters of a century of banking experience, is invaluable to those having business interests in this territory.

LIBERTY CENTRAL TRUST COMPANY
 Member Federal Reserve System
 United States Government Supervised
 ORGANIZED 1862
SAINT LOUIS

This gives a record of an average for six employees (a total of 248 years) of over 41 years, which indicates not a "rolling stone" sentiment.

Additional directors at this date are Harvey J. Frame, vice-president; C. A. Haertel, John Brehm, Jr., Henry E. Blair and Charles E. Nelson.

As a result of sixty years of faithful service to the public, we present a brief of the bank's progress:

May 1, 1862, deposits were \$29,290; May 1, 1872, deposits were \$167,000; May 1, 1882, deposits were \$533,000; May 1, 1892, deposits were \$912,000; May 1, 1902, deposits were \$1,785,000; May 1, 1912, deposits were \$2,327,000; May 1, 1922, deposits were \$3,500,000.

The capital stock and surplus funds now exceed \$500,000.

Pictures of the housing of the bank from 1855, first in its simplicity on a 1,200-square-foot space, and now, with its modern, up-to-date, dignified fireproof structure covering 7,000 square feet of space, indicate clearly the progress of the bank.

Waukesha County had three banks in 1862, now twenty, with some \$12,000,000 deposits.

NEW BANK FOR CHICAGO

The Auburn Park Trust and Savings Bank is being organized in Chicago. The new institution will be situated at 7853-55 South Halsted street, and will open for business about June 1. The new bank will have a capital of \$200,000 and a surplus of \$30,000. Roy P. Roberts, vice-president of the Hamilton State Bank and formerly cashier of the Halsted Street State Bank, will be president of the proposed institution.



On the occasion of the birthday of David R. Forgan the officers and employees presented him with a card announcing that \$548,675.10 deposits had been secured within eight weeks

CELEBRATE BIRTHDAY ANNIVERSARY OF DAVID FORGAN

A half million dollars in new deposits is not easy to obtain, but when the entire force of an organization is working with just one aim in mind, and working wholeheartedly, it does not seem like a difficult task.

During the eight weeks previous to April 15, \$548,675.10 new deposits were secured by the officers and employees of the National City Bank of Chicago and were presented, as a token of loyalty and esteem, to the president of the bank, David R. Forgan, as a birthday gift, with the wish that he may have many more birthdays, each one happier than the last. A large birthday cake was also presented to him, on which was a card with the above news. Mr. Forgan has just passed his sixtieth birthday.

The door to Mr. Forgan's office stands always open and any employee of the bank feels free to approach him at any time. Not only do employees go to Mr. Forgan, but Mr. Forgan visits every part of the bank several times a week, and they feel that he is distinctly "one of them." In this day of hide-bound commercialism it is refreshing to find an institution of the size

and influence of the National City Bank of Chicago, which has within it just plain humans who find a real joy in their everyday work.

MIDDLE WESTERN DISTRIBUTORS OF BROWN'S LINEN LEDGER LINES

To adequately supply the increasing demand for their high-grade papers in the Middle West, the L. L. Brown Paper Company of Adams, Mass., finds it necessary to have another distributor in this territory.

The Central Ohio Paper Company, with complete staffs of high-class salesmen and unexcelled warehouse and distributing facilities, has been selected to represent the Brown lines, whose mills at Adams were established in 1849, and whose equipment, which is of the most modern and improved type, enables them to produce large quantities of the finest grades.

The strategic location of the Central Ohio Paper Company's warehouses, carrying complete stocks, will prove a great convenience for the users of Brown's papers and insures at all times prompt and quick delivery to all points throughout the territory they cover.

A Dependable Bank

This bank has never refused a loan to a customer on account of the condition of the money market. When it has been necessary to rediscount with the Federal Reserve Bank in order to meet the legitimate requirements of our customers we have not hesitated to do so. We believe that the Federal Reserve Bank, in which we are a member and stockholder, was established for that purpose.

At the date of the last Comptroller's call we had no rediscounts, but our customers, whether banks, corporations or individuals, may rely upon us to continue the same policy, when necessary, on their behalf.

The NATIONAL CITY BANK *of* CHICAGO

DAVID R. FORGAN, *President*

BANKS AND BANKERS DEPARTMENT

FRED A. CRANDALL, *Vice President* S. P. JOHNSON, *Asst. Cashier*
R. V. KELLEY, *Asst. Cashier*

CHARTER GRANTED TO LIBERTY CENTRAL JOINT STOCK LAND BANK

Charter was granted recently by the Federal Farm Loan Board at Washington to the Liberty Central Joint Stock Land Bank of St. Louis, organized by the Liberty Central Trust Company, to be headed by J. L. Johnston, president.

The purpose of the new organization will be to lend money to farmers throughout the States of Missouri and Illinois. The bank will have a capital of \$250,000 and a surplus of \$25,000. It is expected to have the bank begin business immediately, many applications for loans being already in hand. Its office will be located in the bond department of the Liberty Central Trust Company.

The new bank is being organized under the provisions of the Federal Farm Loan Act and will operate under the supervision of the Federal Farm Loan Board, as are the twelve Federal Land Banks.

The officers of the institution will be: J. L. Johnston, president; J. J. Frey, vice-president; Erastus Wells, secretary, and Charles C. Lockett, treasurer. The directorate will be composed of officers and

directors of the Liberty Central Trust Company.

In commenting on the new organization, Mr. Johnston had this to say about the purpose of the Joint Stock Land Bank:

When the Farm Loan Act was passed by Congress, it was recognized that the twelve Federal Land Banks would not have sufficient capacity to answer the needs of the farmers and for that reason provision was made that Joint Stock Banks might be established throughout the country with capital supplied by local interests and with power to issue bonds when approved by the Federal Farm Loan Board. The Joint Stock Land Bank is permitted to issue bonds to the extent of fifteen times its capital and surplus, which on a capital of \$250,000 would permit a bond issue of \$3,750,000 or a total of \$4,000,000 available for farm loans. The maximum rate of interest which may be charged by the Land Bank is 6 per cent. No commissions may be charged. The funds provided by the capital of the Land Bank and the bonds issued by it, are invested in first mortgage loans on improved farm land and these mortgages are deposited with the registrar of the Federal Farm Loan Board as security for the bonds issued by the Land Banks. The bonds are tax exempt.

The Joint Stock Banks are limited to a maximum loan of \$50,000 to one individual and the Farm Loan Act requires that every loan be thoroughly investigated and the land appraised by Federal Appraisers as well as appraisers of the company.

All loans are made on the amortization plan, running from five to forty years. The 33 year loan for example, enables the borrower, by paying the equivalent of 7 per cent. each year on the amount of the original loan, to entirely wipe out the mortgage debt as well as pay all interest within that period, whereas under the old plan of making loans, the borrower might

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pay 7 per cent. interest or more for as many years and still at the end of that period, would owe the principal of the mortgage debt.

The Joint Stock Land Banks were provided for in the Farm Loan Act to fill a recognized need at the time the law was passed in 1916, but the agricultural conditions of the past two years have greatly increased the demand for the establishment of these banks and it is with this condition in mind and to aid materially in the development of the agricultural interests in the St. Louis territory that we have organized the Liberty Central Joint Land Bank of St. Louis.

WILLIAM R. CADY ELECTED REAL ESTATE OFFICER

The Mississippi Valley Trust Company of St. Louis has just announced the election of William R. Cady as real estate officer.

Mr. Cady has been connected with the trust company's real estate department as sales manager since April 1, 1921.

His experience in the St. Louis real estate field covers twenty-two years of service with two prominent St. Louis real estate agencies. His business career opened in the service of the St. Louis Hydraulic Press Brick Company, and he is considered an authority on business and investment realty values in the Mound City.

NEW PRESIDENT MERCHANTS LACLEDE NATIONAL

At a meeting of the board of directors of the Merchants Laclede National Bank of St. Louis, William A. Hoffman was elected president to succeed William H. Lee, who became chairman of the board.

Mr. Lee has been president since 1895 and Mr. Hoffman has been actively identified with the bank for the same length of time, having started as cashier.

BENJAMIN BOSSE

The West Side Bank of Evansville, Ind., has announced the recent death of their president, Benjamin Bosse.

MINNEAPOLIS BANKS CONSOLIDATE

A consolidation of the Marquette Trust Company and the Exchange State Bank, both of Minneapolis, under the name of the Marquette Trust Company, was announced recently. The combined capital of the institution is \$400,000 and the combined deposits are over \$2,000,000. The officers of the consolidation are the same as those who have been in control of the two banks for some time. Ralph W. Manuel, who was the first president and one of the organizers of the Exchange State Bank, remains in his position as president of the Marquette Trust Company.

Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico and Oklahoma

ECONOMIC CONDITIONS IN THE WESTERN STATES

By SAMUEL SOSLAND.

NEW crops are today the hope of the Western states. While money markets appear easy on the surface, the West is feeling the effect of a slow movement of new funds. Its grain reserves from last year, notably wheat, are low in the aggregate. It has no great supply of live stock. Its mines are producing little. Farmers are busy preparing for spring crops, but they are so thrifty in their work that the normal amount of stimulation to business from this source is not apparent. The better prices now ruling are cheering, but there will be no cashing in on this until new crops are harvested.

Wheat and grass are the two principal crops of the Western states. Wheat is the great cash crop. Grass is interwoven with livestock. The wheat prospect is not brilliant. Perhaps the best claim which can be made for it is that the outlook points to a harvest still above the pre-war average. But there is uncertainty as to a yield in the winter wheat states commensurate with the acreage seeded last fall. Kansas in particular is not presenting the prospect hoped for by bankers and farmers. In North Dakota and Montana, where spring wheat is raised, it is too early to pass on the outlook, but the acreage does not promise to show any heavy increase.

As the nation's greatest wheat raiser, interest centers around Kansas. This state seeded around 11,000,000 acres last fall. Many thousands of acres, especially in the western portion of the state, failed to germinate last fall. They did not germinate till this spring. Today there is fear lest wheat makes only grass. At least, it is not strong and may fail to withstand unfavorable weather. One Kansas observer estimates the probable crop in the state at only 85,000,000 to 90,000,000 bushels, but other estimates are as high as 140,000,000. Nature, however, will have to provide ideal conditions for a crop equal to the highest estimate. Nature might give the state even a larger crop, but only average weather

would be serious to wheat fields where the plant is weak.

Before the war Kansas was jubilant over a crop of 85,000,000 bushels of wheat, but there is a greater acreage, there is more milling capacity and more dependence on wheat today. It is the same in Oklahoma and Nebraska. The wheat condition in these states is below the average of recent years, with a larger acreage.

Upturns of recent months in corn and oats promise to give the Western states a generous acreage in these crops. Abandoned wheat fields have in many cases gone into oats and corn. Where oats were seeded early the plant has made a good start. The Western states raised only a poor oats crop last year, and it is hoped that a different result will be obtained during the 1922 season. In the case of corn, the advocates of acreage reductions are finding opposition, and it is probable fully as much will be planted as in 1921. Grass has made a good start, excepting in New Mexico, where weather has been too dry. In the mountain states other than New Mexico, there has been sufficient snowfall during the winter to insure an ample supply of water for irrigation purposes.

On the whole, therefore, it may be stated that the agricultural outlook in the Western states is moderately favorable. With a brilliant prospect the Western states would be counting on greater liquidation and better business than is now in sight. One point to consider in this connection is the fact that crops often surprise their growers and others. Nature might provide wonderfully favorable weather for the crops this year and convert the present moderately favorable outlook into harvests of a volume that all the world would receive as a great blessing. Nature was extremely generous to the West in weather last year, and if there is a reversal this season farmers will have to be content with a moderate harvest of wheat and with quite favorable yields of corn and oats. As for cotton in Oklahoma, more acres will be seeded this season.

It is true that money is not in strong demand in the Western states for new business, but old borrowers are seeking many extensions on loans and various enterprises

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that expanded their capacity during the last few years and now find themselves with a larger share of their capital tied up in fixed assets are appealing strongly for loans. The mood of bankers is such that these enterprises are forced to conduct their business with a minimum of loans. The enterprises of this character would be willing to pay higher than current rates for loans. Some of them are getting funds at higher rates, but on the whole they are forced to readjust their business to conform with the lessened supply of credit at their disposal. It is probable that with further easing in the money market some of these institutions will be able to go into the capital market to engage in refunding operations, but investors are more discriminating in buying bonds, which is a handicap. The credit position of farmers makes a better appearance, for the higher prices point to larger returns. This, coupled with the sharp reduction effected in the expenses of seeding, will give the farmer more money to spend provided he raises good crops.

In the meanwhile, however, country banks in the Western states are as a rule conserving their resources closely. Where the crops were large last year and where there was not great speculation, some country banks are buying bonds and outside commercial paper. In the cities the position of banks also varies, and there has been a big increase in the holdings of bonds among reserve city banks for the reason that demand for money to go to strong borrowers is insufficient to employ their funds. The weaker borrowers who want funds are finding accommodations restricted. Bankers do not believe that business conditions will change to a degree that will force out to the open market bonds which they are carrying for investment purposes. They feel that considerable time will elapse before they are called upon to make even

gradual sales of the bonds they are carrying.

Markets have held quite well for the West. The trade in wheat is at a very profitable level for farmers, and they are hoping present quotations will be sustained. In live stock, trade also is on a profitable level excepting for the cattlemen whose investments are based on inflated prices. Other commodities as a rule show improvement.

One of the encouraging phases of the wheat market is the fact that Europe already has begun to buy new crop wheat for August shipment. The first sale was reported in Kansas City at a premium over the May price to Germany. While this sale was made reports were in general circulation that Germany was arranging a big sterling loan in Argentine for the purpose of buying breadstuffs. The conclusion of the West is that Germany sees the need for acquiring wheat of the new crop early, especially in view of crop uncertainties. For a long time the trade in flour has been on a hand-to-mouth basis, buyers of deferred contracts in the last two years having lost heavily. As a result, flour stocks are lighter than usual over the country, which is a healthy situation from the standpoint of the market for wheat. The corn market is being supported by the strength of hogs and more liberal foreign buying than usual. Oats are sympathizing with corn.

While there is still a strong tendency to be cautious in the live stock industry, the large profits of sheepmen and hog raisers from feeding operations the past winter and spring have injected some speculation into sheep and hog markets. Already some warnings are heard about excessive prices for breeding sows and for sheep and lambs. In the cattle industry there is almost no speculation, and the policy of conservatism is so strong that even the annual spring

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Capital and Surplus, \$2,000,000

movement of cattle from Texas to the pastures of Oklahoma and Kansas was largely in first hands. The abundance of grass is favorable to the live stock industry. New Mexico alone is complaining about pasturage. There is no likelihood of any wave of speculation in the live stock business because loans are not available in adequate volume. Besides, there is a question about expanding production under existing industrial conditions.

Mercantile trade is fair. There is a better tone than last fall or a year ago, but the small movement of crops from farms is limiting the amount of money available for spending. The oil industry is marked by a decidedly better tone, for gasoline is higher and the price of crude at a profitable level. Lumber trade is irregular, with small scattered building operations helping the market. The districts relying on mining for prosperity continue to complain of poor business. Collections are better on new business, but on old accounts no change from present unsatisfactory conditions is anticipated until after the next harvest.

Labor is in abundant supply. The spring season failed to make as sharp a reduction in unemployment as in other years simply because farmers are determined to do more

of their work themselves. The element of costs in production is therefore being reduced to a level that will have a surprisingly favorable influence on the liquidating and spending power of farmers when the year's harvests are gathered and started marketward.



CONVENTION DATES

Oklahoma—at Oklahoma City, May 23-24.
North Dakota—at Minot, June 15.
Colorado—at Glenwood Springs, June 22-23.
Montana—at Missoula, August 18-19.
New Mexico—at Las Vegas, Sept. 22-23.

MONTANA BANKERS ASSOCIATION CONVENTION

The nineteenth annual convention of the Montana Bankers Association is to be held on August 18 and 19 at Missoula, Montana. United States Senator W. A. Clark, president of the association, will preside at the convention. Plans are being developed for the extension of the agricultural work of the association and it has been voted to continue the cooperation with the Montana Development Association.



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ECONOMIC CONDITIONS IN THE PACIFIC STATES

By J. F. DONNELLAN.

BUSINESS is improving in every state in the West, improvement being somewhat slower in Idaho and Utah than in other states. There is still some tendency to keep prices up because of higher original costs on merchandise that has not moved, but there has been a general mark-down to at least absorb most of the profits of last year. Large handlers, realizing the futility of evading facts, have taken their losses and figured down to present cost basis.

Banks report discount rates lowered and money plentiful, but considerable is being used in granting new unsecured credits. There has been a general strengthening of the market for municipal and other tax exempt bonds during the past few weeks. The demand has been insistent and it has caused a real scarcity of this type of issues. In industrial financing more than 21 per cent. of the long term industrial issues of the United States in February were floated in California. California took also 4.47 per cent. of all public utility bonds floated and its percentage of both classes combined was 14.83 per cent. Since California contains only about 3.23 per cent. of the population of the United States, it appears that the State issued and absorbed nearly four and a half times its proportion of these classes of financing.

Farming and mining work has been retarded by severe weather conditions and there has been slight call for agricultural workers so far. Winter grains look well.

Stocks of dried and canned fruits are considerably lower than a year ago and crop conditions are favorable, although the cool weather has set back the season. Late spring rains have done much to encourage the grower of grain and forage crops and livestock men are looking for a good year after a hard winter.

Building operations give promise of increased activity. Lumber is active, recent sales reported by 130 mills affiliated with the West Coast Lumbermen's Association

being the largest since the summer of 1920. The mills are cutting about 90 per cent. of normal capacity.

Shipping business on the Pacific Coast in some trades is holding its own and in others can be considered only fair. The Oriental situation is in chaotic condition, due primarily to the fact that the Northern California Coast, Puget Sound and Columbia River have been heavily overtonnaged, in consequence of which rates have been thrown wide open and reduced to levels below the cost of operation.

One of the best indications of the prosperity of a community is to be found in the amount and increase in its savings deposits. Recent reports to the Federal Reserve Bank of San Francisco indicate that savings deposits on the Pacific Coast are in the main on the increase. The total increase in savings accounts during the year ended February 28 was 3.7 per cent., gains in five cities more than offsetting losses in Seattle, Spokane and Portland.



CONVENTION DATES

American Institute of Banking, Portland, Ore., July 17-20.

Investment Bankers Association, Del Monte, Oct.

Oregon—at Portland, July 17-20.

Washington—at Spokane, June 9-10.

Utah—at Salt Lake City, June 16-17.

California—at Del Monte, May 24-27.

Idaho—at Hayden Lake, June 6-7.

Arizona—at Bisbee, Nov. 10-11.

W. A. NEWSOM TOURING EUROPE

W. A. Newsom, former president of the San Francisco Board of Public Works and manager of the Mission Branch of the Bank of Italy, left San Francisco, April 10, for a six months' tour of European countries.

Until his association with the Bank of Italy, Mr. Newsom was one of the principal contractors on the Pacific Coast, having erected the Southern Pacific Station in



Cotton

Cotton has been grown commercially in the Southwest since 1909.

Today it is one of the principal crops of this region—and the basis for a well-established and growing industry in the fabrication of cotton and cottonseed products. The average annual yield for the four years 1918-1921 inclusive, was 84,000,000 pounds.

A recent investigation and report by our **Department of Research and Service** presents some very interesting and important facts concerning opportunities for cotton mills in Southern California.

We will gladly furnish information, without charge, to those interested in industrial or agricultural opportunities in this region.

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LOS ANGELES

San Francisco and other important structures throughout the city.

Mr. Newsom will be accompanied on his trip by Mrs. Newsom and their daughter.

J. A. EVES

J. A. Eves, member of the board of directors of the Puget Sound Bank and Trust Company of Tacoma, Wash., has been promoted from vice-president to president of

the Todd Drydock and Construction Corporation of Tacoma.

MERCANTILE TRUST COMPANY

The Mercantile Trust Company, San Francisco, will shortly open a new branch at Ashby and College avenues, Berkeley, this making the third branch of the Mercantile in that city. The new branch will serve the rapidly growing residential districts of Claremont and Elmwood Park.

EDGAR L. MARSTON

Announcement was made recently by Henry M. Robinson of the election of Edgar L. Marston as a director of the First National Bank of Los Angeles.

In addition to having been the active head of Blair & Co. of New York, which, in volume of business done, ranks well with the firm of J. P. Morgan & Co., Mr. Marston is interested in the City National Bank of Dallas and is a director of both the Bankers Trust and the Guaranty Trust companies of New York. Mr. Marston became manager of the bond department of Blair & Co. in 1890; was made a member of the firm in 1893, and since that time his rise in the American business world has been rapid.

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ECONOMIC CONDITIONS IN CANADA

By J. W. Tyson

THE improvement in the general situation which has resulted from the better markets for agricultural products, although largely sentimental, is reflected in increased current loans for industrial and commercial purposes as indicated by the bank statements for February. These credits, which were reported at \$1,143,538,489 at the end of the month, were \$5,387,034 higher than at the end of January, but lower by \$122,696,892 than a year before and \$273,982,277 below the high mark of inflation in September, 1920.

Gross assets also showed an increase for the month, the total of \$2,645,814,035 being higher by \$19,503,906, although \$266,433,297 below the statement for February, 1921. Loans abroad increased by \$6,973,114 and municipal loans by \$6,954,518, while call loans abroad were higher by \$14,617,372. Call loans in Canada showed further curtailment, being lower by \$2,250,824. Both Canadian and outside call loans were materially reduced as compared with the previous year.

An increase of \$12,657,882 in foreign deposits was a feature of the other side of the balance sheet. Savings deposits in Canada showed a further decline of \$1,859,400; the total of \$1,231,349,001 is now \$87,793.15 below the high mark reached in March, 1921.

In Western Canada, where the increased prices for grain and livestock caused the return of a measure of optimism, there is general satisfaction, too, with the crop outlook from the standpoint of moisture in relation to seeding conditions. After a general survey the W. Sanford Evans Statistical Service reports:

"To sum up the crop prospects it would appear that the two provinces of Manitoba and Saskatchewan are entering the present crop season as far as moisture conditions are concerned, in much better shape than has occurred for some years.

"Particularly is this so when we remember that 11.05 inches of rain fell in Indian

Head during May, June and July, 1921, and 8.50 inches at Brandon during May and June, and these are the months when summer-fallowing is taking place, so that an abundance of moisture will be stored under this method of cultivation.

"As far as Alberta is concerned, the prospect is not so reassuring, as much of the precipitation of last fall, which caused such delay to threshing in the two Eastern provinces, did not extend to Alberta.

"Under these circumstances evaporation would not probably be very excessive, so that we perhaps start the 1922 crop season in at least two of the provinces with ample moisture for germination purposes and a surplus to put the crop along in good style particularly as during the first six weeks of growth the young plants do not draw very heavily on the moisture supply. The necessary work in the spring in cultivating and seeding the crop also furnishes the required dust mulch which is so needed to prevent evaporation.

"An early spring break-up with the ground bare during the month of March, constant freezing and thawing with cold wind, is inimical to the moisture content of the soil. This condition obtained for a while this year, but the abundant snowfall which has recently occurred has put a stop, at any rate for the time being, to these conditions."

Reports from retail centers in Eastern Canada do not indicate the movement of goods to consumers which had been hoped for. Backward weather has been one factor in this situation, but the chief reason is obviously the industrial depression and the lack of employment. Here, as in the building trades, there are still evidences that adjustment has not been carried far enough to get production costs to a basis where normal consumption is warranted. In the building trades, for instance, the fact that people are building homes for themselves when speculative building and industrial or commercial construction is practically stagnant is an evidence of this. Labor costs have not been brought down in keeping with the reduction of the cost of living, and the adjustment of commodity values

generally, although there has been considerable reduction in the labor cost factor because of greater productive efficiency on the part of the workers.

The coal strike directly affects Canada's coal fields in the East and West, while it is, of course, also a factor in relation to the general industrial situation throughout the country. In Nova Scotia the miners have swung away from their conservative leaders and on the advice of the radicals have been striking on the job. This is not countenanced by the Minister of Labor, himself a labor man of not too conservative views, and on behalf of the Dominion government he has refused to try to bring about a settlement until this form of sabotage has been discontinued. In Western Canada the mines have not been operating actively. The workers claim, therefore, that although they have been making \$12.00 a day they have only been working two days a week and have not had more than enough to live on. This situation is nothing short of ludicrous. Western Canada is importing coal from the American coal fields and finds it cheaper than paying \$12.00 a day to miners to take out a local supply. If the same miners worked for half the wages and six days a week they would have 50 per cent. more income and produce three times the amount of coal at a cost which would encourage consumption. The mine owners declare that they have been entirely in the hands of the union leaders, who have increased their demands until there has been no profit. They have jointly agreed that they would rather leave their properties idle than continue to operate under the conditions they have been facing.

Writing to the *Financial Post* from Calgary, F. W. Crandall, a farming specialist, declares that on returning to Alberta after a trip through Eastern Canada, he finds sentiment much improved with the approach of spring. He predicts a much larger seeded area than he could have hoped for some months ago. The Canadian Pacific and the government are aiding many of those who were in a bad way financially and the banks are doing everything they can to take their customers through. Mr. Crandall believes that if the West can get one good crop confidence will be fully restored.

As was expected, the absorption of the Merchants Bank by the Bank of Montreal has been confirmed at Ottawa, but not without sensational developments, including the laying of charges against former President Sir Montagu Allen and former Gen-

eral Manager Macarow of the Merchants, under the Bank Act, for sending in improper returns to the government; the charge in the case of Sir Montagu is one of negligence, but in the case of Mr. Macarow it is alleged that the false returns were signed deliberately. The financial community generally recognizes that the affairs of the Merchants must have been very loosely handled to bring about such a situation and there is a growing demand that the situation be cleared up in the interests of the banks and banking, with amendments to the Bank Act to repair any weaknesses which may be discovered.



MANITOBA'S BANK SCHEME

The defeat of the Norris government in Manitoba promises to have some effect upon the government banking schemes of that province, particularly should the farmer group in politics assume control of provincial affairs. The sound farmers with good credit, who never had difficulty in arranging loans, are beginning to appreciate that the position of the government's credit schemes is such that the financial standing of the whole province is becoming involved seriously.

In the last two years approximately \$50,000 has been appropriated from the general funds of the province to meet the expenses of the rural credits. "To all fair-minded people this fully justifies the stand taken by the banks, that the rate was too low and money was being lent at less than market price," to quote the president of the Canadian Bankers' Association's recent statement. The result is that there is an increasing disposition throughout the province to question the soundness of the farmers and other taxpayers being taxed to provide money for a comparatively few members of the community at less than cost. Winnipeg financiers express the belief that an incoming administration, rather than ride expensive hobbies of the fallen ministry, will quickly determine that the consolidated revenues of the province have in the last five years borne more than their proper share of the financial burden for the furtherance of provincial banking and rural credit extensions.

It is forecast that the rural credit and provincial bank machinery of Manitoba will ultimately be scrapped as government-sponsored measures—as economically unsound and too expensive for public upkeep.

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BANQUE NATIONALE INCREASES STOCK

Announcement is made by the Banque Nationale of a reduction in the dividend from 12 to 6 per cent., and a decision to increase the capital stock from \$2,000,000 to \$3,000,000. The capital stock of the bank was \$1,200,000 in 1901 and an increase of \$300,000 was made at the end of that year. In 1906 a similar increase was made and in 1908 another, there being a premium charge of 20 per cent. in the latter two cases. The directorate of the bank was recently strengthened by the addition of several well known financial and industrial men.

FEWER NEW BRANCHES

The keen contest for new branches by the Canadian banks has for some time been on the wane. Returns for February show that only four new branches were opened, while for the same period ten branches were closed. Three of the new branches are situated in Ontario and one in Alberta. Banque d'Hochelaga closed four branches; Commerce and Union two each, and the Hamilton and Montreal one each.

BANK OF HAMILTON

The annual report of the Bank of Hamilton shows an anticipated decline in profits as a reflection of the conditions which have recently prevailed in the business world. The total of \$850,672 compared with \$888,019 for the previous year, but was still higher than the \$847,105 for 1919, the previous high record. In addition to ap-

propriation for dividends, pensions, taxes, etc., \$100,000 was written off bank premises. Following are comparative figures:

	1921	1920	1919
Bal. forward.....	\$139,265	\$85,249	\$85,114
Profits	850,672	888,019	847,105
Prem. on stock....	890	499,110	500,000
	\$990,827	\$1,472,378	\$1,432,219
Dividends	599,954	598,569	469,184
Pension	23,408	20,434	40,318
Taxes	49,984	65,000	37,468
Premises	100,000	.....	100,000
Reserve	890	649,110	700,000
Balance	216,590	139,265	85,249
	\$990,827	\$1,472,378	\$1,432,219

The bank's earning record for the past eight years is summarized as follows:

	Earn.	Div.	% earn. on cap.	% on Invest.
1921	\$850,672	12	17.0	8.6
1920	888,019	12	19.3	9.0
1919	847,105	12	21.1	10.2
1918	571,226	12	19.0	8.7
†1917	598,522	12	19.9	9.2
1916	442,525	12	14.7	6.8
1915	424,274	12	14.4	6.2
1914	485,265	12	16.5	7.9

*Per cent. earned on the balance brought forward, rest and capital represent the shareholders' funds.

†For fifteen months.

CANADIAN FINANCIER STILL ACTIVE AT 91

One of Canada's grand old men, who has not only figured prominently in the development of the Dominion but has lived to see many of his dreams come true, is Richard Bladworth Angus of Montreal, one of the first promoters and organizers of the Canadian Pacific Railway.

On May 28 Mr. Angus will attain the age of 91 years—a life span of hard work and continued fight for progress and sound

development. Today R. B. Angus is hale and hearty and looks almost as young and as active as he was ten or more years ago.

Mr. Angus was born in Bathgate, Linlithgowshire, Scotland, in 1831, being one of four brothers. He received his early education at Bathgate, where he attended the academy, but early in life left his home hearth and entered the banking service of the Manchester and Liverpool Bank.

In 1857 Mr. Angus came to Canada and located at Montreal, his first position being one with an annual salary of \$600, and his first chief the Hon. Peter McGill, in the service of the Bank of Montreal.

As a banker Mr. Angus was highly successful and within three years had risen to the position of chief accountant. In 1862 he assumed charge of the bank's Chicago agency. Shortly afterward he was appointed associate manager of the New York agency of the bank. In 1864 he was brought back to Montreal as Montreal manager and held that position during the next five years. He then became general manager of the bank, succeeding the late E. H. King. His tenure was long and constructive and greatly aided in upbuilding the great strength of his institution.

In 1879, however, Mr. Angus was called from the banking to the railroad sphere. Several prominent Montrealers had bought out the Dutch interest in the then St. Paul, Minneapolis & Manitoba Railway and Mr. Angus was asked to become their representative in the company, assuming management of the road. His great success during the two short years of his residence in American Northwest is a matter of history. His was an era of development and expansion.

May 12, 1879, saw Mr. Angus appointed a director of the Bank of Montreal, a position he has held up to the present time, while thirty-one years later he was destined to become its president for a memorable tenure of office.

The part he played in the development of the Canadian Pacific Railway has been alluded to in historical works as one of the most constructive individual efforts apart from Van Horne. He early saw the tremendous growth which was ahead and worked for the development of a railroad along the broad national lines which the Canadian Pacific now typifies. Mr. Angus was one of the early organizers of the Canadian Pacific and has remained a director of the corporate company which it became, ever since.

Mr. Angus possessed a wonderful foresight which told him that the future of the

continent rested in the Northwest, and he did his best to bring about its logical and sane development, fostering schemes for the progression of the railroad and the development of what is today one of the finest wheat-growing areas in the world. The vast work of claiming a wilderness to the needs of civilization was shared in by this grand old man of Canada. Mr. Angus, through his experience with the expansion of the great transcontinental railway was also invaluable in the expansion of the wonderful branch bank system of the Bank of Montreal, being able to advise as to the logical points at which branches should be opened and to post the management as to the necessary methods of establishing the bank in this new territory.

Mr. Angus was elected to the presidency of the Bank of Montreal on July 22, 1910, succeeding the late Sir George Drummond. Despite his age, he took up these heavy duties with great zest, for it must be remembered that he was then 80 years of age. He held this difficult position of head of Canada's largest banking institution until November 3, 1913, being succeeded by Sir Vincent Meredith, who still retains this position.

Mr. Angus always had the time to spare to encourage new enterprise, and during his lifetime became connected with a large number of companies. Among some of his most outstanding connections in this respect might be mentioned the Canada Northwest Land Company, of which he was a director; the Dominion Coal Company, director; Dominion Bridge Company, director; London & Lancashire Life Assurance Company, as well as a number of other organizations whose names are household words in Canada and the rest of the world.

BUSINESS OUTLOOK OPTIMISTIC

A more optimistic feeling is apparent in the reports from all parts of Canada on business conditions, says the current letter of the Royal Bank of Canada. In the eastern provinces, particularly, is this the case. Here, in spite of the fact that inactivity in some lines still persists, the general outlook is improving, and it gives promise of betterment as the spring advances. A fairly large number of manufacturers are experiencing a slight revival in business, the impetus of which is extending, in some measure, to the wholesale and to the retail trade. In the West the movement is not so pronounced, but here, too, there is some ground for encouragement, so that taking it by and large it would seem

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that a return to somewhat more normal conditions in trade is looked for throughout Canada. But the present period is one of transition.

As the situation in the West is so much affected by the harvest, the final figures of the various crops, that now are available, will throw some light on conditions at the present time.

The total yield of the 1921 wheat crop is finally estimated at 300,858,100 bushels for the entire Dominion, from a sown area of over 23,000,000 acres. This is an increase in yield of 14 per cent. over the previous year. The total value of the crop, however, is estimated at about 243 million dollars, which is 43 per cent. lower than the estimated value of the 1920 crop. This statement emphasizes the drastic decline in the price of wheat that occurred during the autumn months of 1921. Indeed, it will be remembered that there was an almost continual decline in the price from the autumn of 1920 up to the beginning of 1922. And what were the results to the farmer? In 1920 when prices were falling it was the general policy of the farming community to hold the crop in the hope of obtaining higher prices. But instead of that hope

being realized, only lower prices were reported with each succeeding month. The result was that a large part of the 1920 crop was sold at the lowest figure of the year.

Then when the 1921 crop came to be marketed, the farmers, in view of the experience of the previous year, sold the great bulk of their wheat at the low prices that were prevailing last autumn. The present year of 1922 has witnessed a marked improvement in the price of wheat, but for the most part the farmers have not benefited by it to the extent that might have been expected because a considerable proportion of the crop was sold before the prices improved.

Nevertheless, the recent improvement in prices of certain agricultural products has had the effect, in some sections, of inducing slight business activity. This appears to have been the case more particularly in outlying districts where the wheat had not all been sold, and firmer markets called out the surplus, enabling the farmer to liquidate his obligations. A similar situation existed also, to some extent at least, with respect to livestock.

The final figures of the oat crop show the

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yield to be 426,232,900 bushels as compared with 530,709,700 bushels in 1920. Barley and flax also registered a considerable drop from the 1920 crops. The final estimate of the production of potatoes indicates a falling off from 133,831,400 bushels in 1920 to 107,246,000 bushels in 1921. In addition to the reduction in yield, the average price per bushel was 20 cents lower during 1921, decreasing the total value of the crop by over forty-seven million dollars.

Taking the country as a whole, there seems to be justification for optimism in certain branches of industry. Plants are, of course, operating at less than full capacity in most centres. Some concerns, however, which had considerably reduced staffs are bringing the office and plant forces nearly to normal. Orders were extremely few during February, but a much better showing was made in March. Stocks in many lines are almost depleted, and this fact augurs well for renewed activity in the near future.

Reports on the paper trade throughout the Dominion show some signs of improvement. It would appear, from the statements of jobbers and manufacturers, that the future outlook as to prices is favorable. Orders for book papers, fine papers and Kraft already show improvement; but very little activity is observable in the pulp market.

Concerning the lumber industry, very little favorable comment can be made at the present time. On the Pacific Coast, the Japanese demand has not increased, as was expected. To some extent this is due to the fact that the Japanese Government, in the endeavor to keep down importing, has placed restrictions on letters of credit issued by the Japanese banks. Owing to the lack of demand in the British market, quietness prevails, for the most part, in the East also. The American market, however, still offers some outlet for lumber both in western and eastern Canada.

The salmon industry on the Pacific Coast is promising. The market for halibut, however, is still depressed on account of the considerable surplus that is on hand. In the Maritime Provinces, the dried fish industry is returning to normal; orders are coming in more rapidly, and the outlook generally is favorable.

During the months of February and March comparatively few building permits were issued. The inactivity is due, no doubt, to the high cost of materials and labor, and to the present lack of purchasing power. The housing shortage is serious in many cities, and an increase in residen-

tial construction is expected. Most of the larger cities have fairly important programs for the erection of office and educational buildings. This year leads in the number of contemplated projects for the spring months. As wages and cost of materials settle it seems certain that there will be more inclination to build.

A survey of the recent trade figures of various countries discloses the fact that a decline in trade was not confined to Canada only. In the year that has passed, all the important commercial countries have had the same experience. The process of deflation has had the effect of decreasing trade figures by a very large percentage, in some instances, when the quotations are expressed in terms of money value.

The importance of the factor of falling prices must not be lost sight of in connection with trade statistics. Since our Canadian trade figures are reported in terms of dollars rather than in terms of physical volume, it is necessary, for accuracy, to take into account the price level. Let us consider, for example, the trade of Canada for the two years ending January, 1921, and January, 1922, respectively. The total foreign trade during the first of those periods was valued at \$2,568,815,296, and that of the second period at \$1,560,560,620. This is a falling off of \$1,008,254,676, or 39 per cent. A part of this decline, we must remember, was due to receding prices. It is difficult, or impossible, to estimate accurately what percentage of the decrease was due to that factor, but a clue at least lies in the fall of the index number of prices during those two periods. Taking the mid-point of the two years, namely, July, 1920, and July, 1921, we have a drop in the index number (Department of Labor Index) from 346 to 238, which is a decrease of approximately 31 per cent. It is not argued, of course, that there should be an absolutely accurate ratio between the trade figures and the mid-point index number, but the comparison at least is suggestive.

In our last issue, brief reference was made to the effect of the United States Emergency Tariff on Canadian trade. It was suggested that the immediate effect would be to divert an increasing amount of Canadian goods to Europe and elsewhere, especially, perhaps, to the United Kingdom. This is borne out by recent figures. In the twelve months ending January, 1922, Canadian exports to the United States fell off to the extent of 43 per cent. in comparison with the previous twelve months, but exports to the United Kingdom dropped less than 10 per cent. The difference is

significant, and is, of course, still more marked if we consider only the months since the enforcement of the Emergency Tariff. It is evident that artificial barriers such as the Fordney Tariff have the effect in the long run not of lessening our exports, but merely of diverting their flow to other markets. These markets are being found, and negotiations already are under way for furthering the tariff preference between the various units of the British Empire. Those Canadian products which are in demand in the United States will continue to be sold there, while it is probably to our advantage that we are obliged to find markets elsewhere for our goods that in the past merely have competed with similar American products.

The close of the year 1921 witnessed a further increase over the previous year in the funded debt of the Dominion of Canada. On December 31 our Government's net outstanding obligations amounted to \$2,366,-861,252. In the month of January of the present year there was an increase of about sixteen millions, but a reduction of \$700,000 was made in February. The rapidity of the increase during the last six years has been marked. In 1916 the debt stood at a little over 615 million dollars. By 1918 it had passed the billion mark, and by 1920 it ex-

ceeded two and a quarter billions of dollars.

It is interesting to compare the national debts of a few of the leading commercial countries, as they stood in 1914, and as they stood at the most recent date for which figures are available. The figures below are quoted in millions of dollars, conversions being made at the pre-war par of exchange.

	1914	1921
Great Britain	3,165	37,520
United States	1,190	23,977
Canada	483	2,366
France	6,291	48,205
Germany	1,126	71,007
Belgium	722	4,706
Italy	2,621	18,928 (1920)
Japan	1,292	1,397 (1920)
Argentina	645	968
Brazil	1,025	1,580

BUSINESS AND INCOME TAXES

Answering questions by Mr. Martell in the House of Commons, Hon. W. S. Fielding, Minister of Finance, gave the following information regarding business profits and income taxes for 1920-1921:

Revenue obtained from Business Profits War Tax Act.....	\$40,841,401.25
Income War Tax Act.....	46,381,806.64
Total revenue collected.....	\$87,223,207.89
Salaries, including salaries paid at head office, Department of Finance Ottawa	1,272,183.58
Expenses, including head office expenses	437,400.62
Total expenses	\$1,700,584.20

Statement of the ownership, management, circulation, etc., required by the Act of Congress of August 24, 1912, of The Bankers Magazine, published monthly at New York, N. Y., for April 1, 1922.

State of New York, County of New York. Before me, a notary public in and for the State and County aforesaid, personally appeared J. R. Duffield, who having been duly sworn according to law, deposes and says that he is the business manager of The Bankers Magazine and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 443, Postal Laws and Regulations:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, Bankers Publishing Co., 253 Broadway, New York; editor, E. H. Youngman, 253 Broadway, New York; managing editor, E. H. Youngman, 253 Broadway, New York; business manager, J. R. Duffield, 253 Broadway, New York.

2. That the owners are: (Give names and addresses of individual owners, or, if a corporation, give its name and the names and addresses of stockholders owning or holding one per cent. or more of the total amount of stock.) Bankers Publishing Co., 253 Broadway, New York; W. C. Warren, 253 Broadway, New York; W. H. Butt, 253 Broadway, New York; E. H. Youngman, 253 Broadway, New York; J. R. Duffield, 253 Broadway, New York; K. F. Warren, 253 Broadway, New York.

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5. That the average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the six months preceding the date shown above is (This information is required from daily publications only.)

J. R. DUFFIELD.

Sworn to and subscribed before me this 23d day of March, 1922.

HENRY G. FRITSCHÉ,
Notary Public.

My Commission expires March 30, 1922.

What is a Clerk Worth?*

By One of Them

DO they pay pretty good salaries in savings banks?" asked a depositor who came up to my new account window.

"As a rule they do," I replied, "but why do you ask?"

"Well, I noticed on my visits to several savings banks in which I have the fortune to deposit that the clerks looked like college men, that they dressed well and talked well."

And right there the thought occurred to me, are the men who grind through the daily routine paid good salaries or not? It might be well to first consider the value of a clerk and what he goes through to qualify.

When a young fellow is first employed by the executive officer, he is sounded out thoroughly as to his home, his parents and his habits. Usually the bank looks into his private life. Having thus started the process of determining his reliability, they take him on at a very small salary, sometimes barely enough to supply him with pocket money after he has turned over his mite to his parents.

The young fellow naturally seeks a larger compensation. If he has the right stuff in him, he is promoted and with his promotion comes his increase in salary. How much? This can only be determined by the officer who has direct supervision of employees. He is considered a small man yet, and there would be no necessity of placing his case before the committee or board of trustees. We will say that he gets a substantial increase. Our newcomer is now a bookkeeper or general clerk, receiving about \$1,000 per annum. I have heard from many sources that \$1,000 today has about as much buying power as \$500 did ten years ago.

Now bear in mind the question put to me by the depositor, and remember why she inquired. Our \$1,000 man, in order to hold his job down the way he should, has to dress well, live in a respectable community and keep equally respectable

company, for is not that in keeping with his job?

This same man may be supporting elderly parents or possibly an invalid sister or brother, and it will take the best of his income to do it. What has he left to properly clothe himself? Not to speak of a little recreation, and we all love the theatre and movies. Good, clean recreation helps a fellow over the daily problems, and puts new life into one that may have a dark spot on his horizon. Here the big question arises—what is he worth and does he get what he actually earns? This again can only be solved by the officers. It would be well to point out a fact that probably has escaped the observation of many bank officials.

Has this man been given an opportunity to prove his actual worth to the bank? Has he been permitted to help out here and there, the tellers, the assistants, even the officers and junior officers? Have they given him a fair chance to make his talents known? I sometimes wonder if it would not be a good custom to encourage more initiative.

Recently the idea of group insurance was brought to the attention of the banks for the purpose of giving to employees an opportunity to add to their own protection as well as that of loved ones at home. It may be assumed that the employer is endeavoring to help the "boys" and provide added protection for them later on in life, but might not this insurance plan also create in the minds of employees the thought that perhaps officials were doing this in order to prevent the necessity of giving a larger increase as the years go on?

If you were to canvass the different institutions in an effort to determine how many men really want the insurance and how many would prefer a steady increase, the majority, beyond a

*Reprinted from the Savings Bank Journal, New York.

doubt, would take the salary end of it, and why?

These men are carefully chosen by the officers; they are the highest type of clerk to be found; they are the loyal, steady type who live a clean, wholesome life; they usually pay as they go and they buy only what they actually need. Therefore, give them enough to do the things that will content their minds, let them have enough to take care of their own wants, including insurance, and possibly a Liberty bond or two. Encourage them to save some of it, for you can't sell your bank to the depositors if your men don't believe in it themselves.

Sell your institution to them. Make them learn every word of your by-laws. Teach them the gospel of thrift, so that they in turn may teach it to the depositors. They are nearer to the depositors than any of the officers or trustees. They are the middlemen, so to speak. Keep them well-dressed, so that they can approach the different windows without a flinch, without the least sign of embarrassment to themselves or to the depositor.

Another feature of the question of salaries in savings banks, and this to my mind is one of the utmost importance is this—if you pay a man what he is worth, and a *good bank man* today is certainly worth a good salary, (not merely a living wage) you are giving him an opportunity to *invest* a portion of his income.

The officers could go a long way toward making successful men of their employees, advising them how to invest their own earnings. They have the millions of dollars of the depositors' earnings and savings to invest. Why not do likewise for their own "boys"? It will not only make better citizens of them, but it will fit them for future official positions. They are all living in

the hope of becoming bank presidents, and why not? What better material could you find than a man who has grown with his institution? He knows his depositors, if he is the right sort, he cultivates them and gets to know them, many by name.

Often a teller will be talking to a depositor and incidentally learn that the depositor needs a loan, or has friends who are in the market for one. Sometimes, a crank may approach a teller's window and pass a few slurring remarks concerning banks, owing to a delay, perhaps. If you have a live wire on that window, he will take pretty good care of the crank. He will send him away with a smile. But do you think a teller who feels that he is underpaid will take the trouble to do this?

On the other hand, a man who receives a better salary, would feel that he, being a big part of the bank and having a responsible job on his hands, could save the institution from possible embarrassment by politely but effectively turning the grouch into a supporter. Your property clerk, bookkeeper or teller would and should feel that his salary demanded more than just everyday courtesy to depositors. He would and should extend himself beyond that.

He would, and I have no doubt some of them do, consult with other officers on many occasions, giving to them the opinions of different depositors, which would in no small way correct many faults that seem trivial to the everyday business man or woman, but faults which might be keeping new depositors from coming to the bank. A well-paid savings bank clerk to my mind is about as good an investment as the bank can make. It promotes a belief that the bank itself is of the highest standard; and helps employees ultimately to *create the spirit of intelligent saving* on the part of every depositor.



With the Bankers Associations

That the 1922 convention of the American Bankers Association, called to meet in New York in the first week in October, will be the most important forum for the discussion of America's vital financial and economic problems ever held in the United States, is the opinion of bankers high in the councils of the association.

"In order to give the subjects which will come before the convention proper attention and thorough discussion," said Thomas B. McAdams, president of the association, in a statement recently announcing general character of the meeting, "every effort will be made to concentrate the attention of delegates upon the business sessions of the convention and upon the work of the several divisions and sections. Programs will be arranged with the idea of making every meeting a real forum for the discussion of live problems. Delegates will be encouraged to take part, and it is expected that they will bring to the front every knotty question over which the business men of the country are puzzling their heads.

"The New York bankers who will act as hosts to the convention are already busy with preparations for receiving delegates and providing for their comfort and entertainment. The committee in charge of arrangements has received instruction not to allow its plans for entertainment to interfere in any way with the serious business of the convention.

"Committees of the association are now at work on the program and other features, and announcement of the results of their decisions will be made as soon as possible. It seems certain now that both in the matter of attendance and importance of program, the New York convention will break all records."

RESERVE CITY BANKERS

The annual convention of the Reserve City Bankers Association, which is to be held this year at Kansas City on May 22 and 23, is announced by the board of directors of that organization. The occasion should prove one of unusual importance and interest, as is indicated by the following features of the program:

"The Federal Reserve Act," Hon. Carter Glass, United State Senator from Virginia.

"Closer Cooperation Between the Bankers and Congress," T. B. McAdams, president American Bankers Association.

"Present Financial Conditions in Europe," F. W. Gehle, Mechanics and Metals National Bank, New York.

"The Value of Edge Banks in Promoting Foreign Trade," Harold J. Dreher, vice-president Federal International Banking Company, New Orleans.

"Banking Relations Between United States and Canada," A. W. Tower, Royal Bank of Canada, Montreal.

"The Live Stock Industry and Its Financing," Walter W. Head, president Omaha National Bank, Omaha, Nebr.

"The History and Utility of Cotton," B. A. McKinney, vice-president American Exchange National Bank, Dallas, Texas.

WISCONSIN BANKERS CRUISE

The tentative sailing schedule for the steamer "South American," on which the Wisconsin bankers will spend their week's convention cruise, is as follows:

Lv. Milwaukee, Saturday, June 17, 9 p. m.
Ar. Detroit, Monday, 12:30 p. m.
Lv. Detroit, Monday, 6 p. m.
Ar. Buffalo, Tuesday, 10 a. m.
Lv. Buffalo, Tuesday, 8 p. m.
Ar. Cleveland, Wednesday, 8 a. m.
Lv. Cleveland, Wednesday, 12 m.
Ar. The Soo, Thursday, 5 p. m.
Lv. The Soo, Thursday, 9 p. m.
Ar. Sturgeon Bay, Friday, 3 p. m.
Lv. Sturgeon Bay, Friday, 9 p. m.
Ar. Milwaukee, Saturday, 8 p. m.

The banks in the various cities of call are arranging entertainment for their visitors by way of sight-seeing trips, etc. The members of the Detroit Clearing House Association plan a motor trip to points of interest, including Grosse Point, the fashionable residential district of Detroit.

The ten-hour stop in Buffalo will give opportunity not only to see the city, but to take the trolley trip to Niagara Falls and down the Royal Gorge.

At Sault St. Marie ample time will be given to inspect the new government locks, and if desired, to shoot the rapids of the river between the American and Canadian locks.

From Sault St. Marie the steamer will come down the lake to Sturgeon Bay, where the Chamber of Commerce and banks of that city have offered to furnish automobiles so that the passengers may be driven through the virgin forests of the picturesque peninsula and see the cherry orchards just a few weeks before picking time.

The start of the cruise will be preceded by a day's business session in Milwaukee.

TO DISCUSS POLITICAL AND ECONOMIC PROBLEMS

Matters of importance will absorb the attention of the bankers of California at their annual convention to be held at Del Monte, May 24 to 27. President W. S. Clayton and his associate officers and leaders of the association, with a full realization of the economic and political importance of many problems now confronting the people of the United States, particularly the people of California, are arranging a program that will consider some of the most important of these problems.

It is probable that agriculture and the agriculturist will be considered both from a political and an economic viewpoint.

Branch banking will form another subject for debate, the lists being open to all who have ideas on the subject, and there will undoubtedly be formal addresses on both sides with subsequent open discussion.

The water-power act, which will come before the people on referendum in November, will be given its place because of its very vital nature and the strong views held on the subject.

Under the general subject of education, the work of the association and the American Institute of Banking along the lines of developing greater knowledge among bank clerks will be gone into thoroughly, and opinions sought as to the best methods of advancing education with employees of banks and the public as well.

HEADQUARTERS CHOSEN FOR ANNUAL MEETING OF AMERICAN BANKERS

The Hotel Commodore has been selected as headquarters for the American Bankers Association convention. Harvey D. Gibson, chairman of the association's hotel committee, announced the selection after a conference with the Hotel Association of the City of New York, whose membership includes ninety-two hotels in Manhattan.

It is expected that more than 7,500 out-of-town delegates will attend and inasmuch as the hotels are crowded at all times of the year the committee has decided on a plan which will facilitate the equal distribution of quarters and prevent failure on the part of any guest to get accommodations immediately on arrival.

A sufficient number of rooms to care for all has already been set aside, each of the ninety-two hotels belonging to the association having made an allotment. Delegates may apply direct to the hotel they prefer and rooms will be assigned them from the

allotment. Reservations will be granted those first to apply. When an allotment is filled, succeeding applicants will be referred to other hotels where accommodations within the allotment are still available.

Commenting on the care his committee is taking for the reception of the guests, Mr. Gibson said nothing would be spared toward providing for their comfort and entertainment. "We are going to see that each delegate is cared for as he would be at home," said Mr. Gibson, "and it is for that reason that we are making these early preparations."

The hotel committee is mailing circulars to all members of the association, giving the names and location of the hotels with which allotment arrangements have been made and giving also maximum and minimum rates. The hotels have voluntarily quoted lowest rates and if further reduction is possible prior to the convention, it will be made.

OHIO BANKERS ASSOCIATION WORK IN RURAL COMMUNITIES

Arrangements have been completed with the Extension Service Bureau, Agricultural Department, Ohio State University, by which the best stock-judging team among the Boys' and Girls' Clubs of the state will be sent to Atlanta, Ga., as guests of the Ohio Bankers Association.

For several years past the bankers in rural communities have evinced much interest in club work among the boys and girls of the state and have rendered them considerable financial assistance. In order to stimulate interest in the study of live stock, every county having clubs will be asked to hold stock-judging contests during the coming summer, entries being made on the basis of a team of three from each club. The winning team from each county will be sent to the state fair to compete for the title of best stock-judging team in the state.

Furthermore, the Agricultural Committee of the Ohio Bankers Association has offered to pay the expenses of the winning team to the National Stock-judging contest to be held at Atlanta, Ga., next October.

PENNSYLVANIA BANKERS ASSOCIATION

The twenty-fifth annual convention of the Pennsylvania Bankers Association will be held at the William Penn Hotel, Pittsburgh, on May 24, 25 and 26. The Hon. Andrew Mellon, Secretary of the Treasury, will be the association's guest of honor.

Where Does He Bank ?

That is the question today among business men about business men —a man is judged by the company he keeps.

Many honored names have been on our books through the third and fourth generation.

Our resources, our facilities, our experience are here to perform every function of a bank.

Where do you bank?

Seeking new business on our record

THE
CHEMICAL
NATIONAL
BANK
OF NEW YORK

Founded 1824

BROADWAY AND CHAMBERS, FACING CITY HALL

Friendship in Banking

There is room in banking for friendship. In fact friendship and confidence are outstanding requirements for satisfactory relations between a bank and its customers.

After 110 years of experience we have found that we serve best those whom we know best. We strive to understand our customers and to serve them in the way they wish to be served.



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ESTABLISHED 1812

New York and Brooklyn

EVER since The Merchants Loan and Trust Company Bank of Chicago was founded, more than sixty years ago, the big end of its business has been commercial banking.

Today this Bank is recognized as one of the leading trust companies of the United States in volume of commercial business and holdings of bank deposits.



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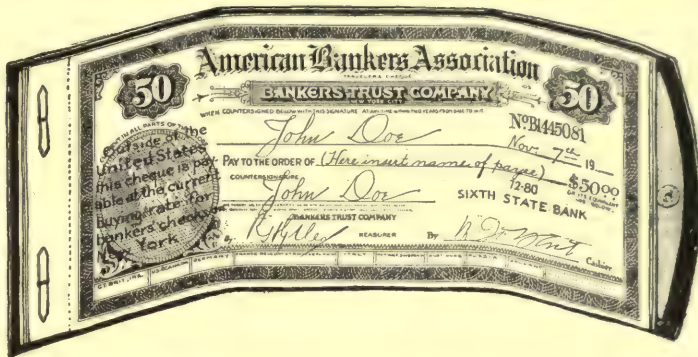
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Capital and Surplus
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*"Identified with Chicago's
Progress since 1857"*

112 West Adams Street
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in the service of your bank and the wisdom of
your advice will be increased if you offer them


"A.B.A." American Bankers Association **Cheques**
FOR TRAVELERS

These universally accepted cheques have traveled the wide world over and have won for themselves a ready welcome whenever and wherever presented. They are sold in denominations of \$10, \$20, \$50, and \$100. Safe, convenient, easy to carry.

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MANAGER

Capital \$3,000,000
Surplus and Profits 22,000,000

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to Serve Commerce
at Home and Abroad

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NATIONAL PARK
BANK

OF NEW YORK

214 Broadway

Trust Department

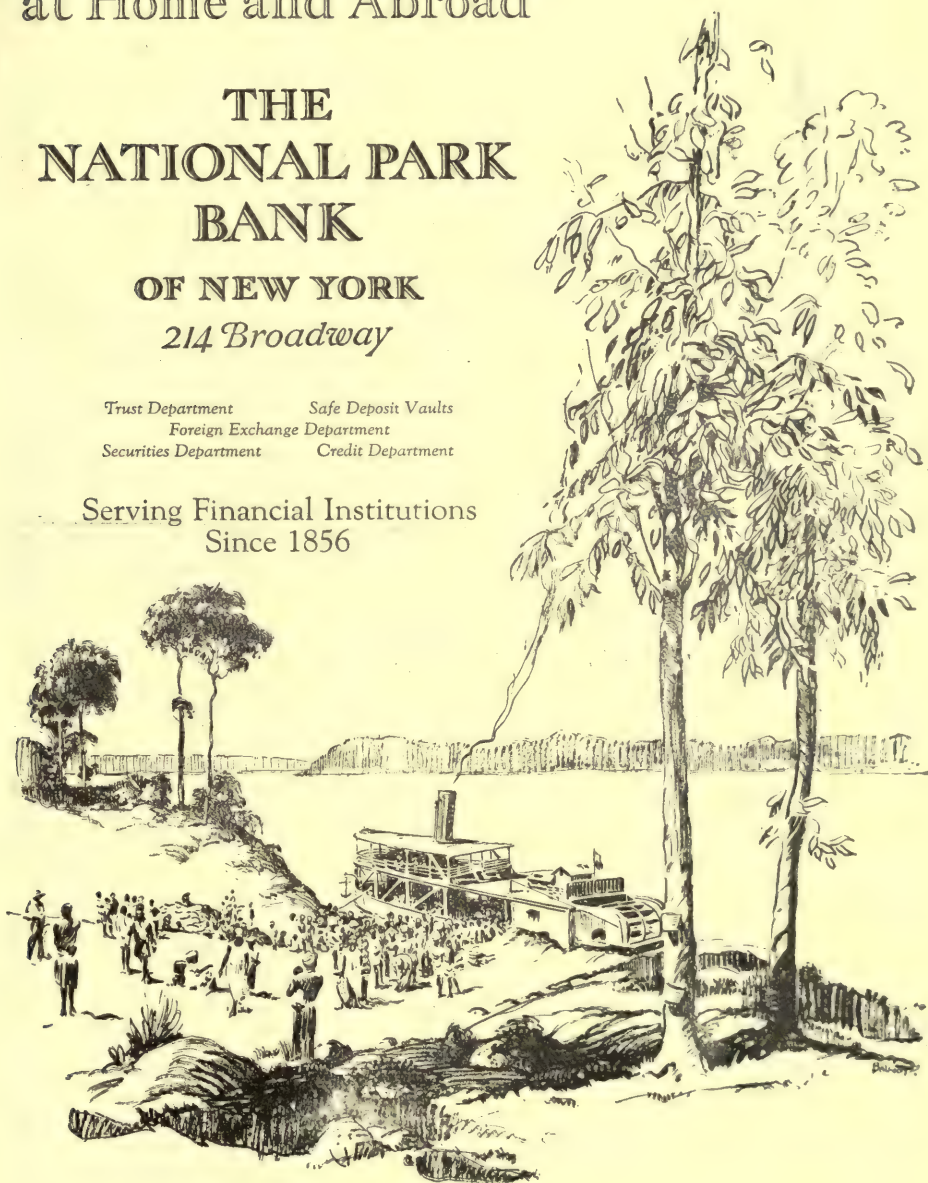
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Serving Financial Institutions
Since 1856



The Bank of United States

MEMBER FEDERAL RESERVE SYSTEM

**Main Office: Fifth Avenue at 32nd Street
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Resources over, \$37,500,000

**Designated Depository for United States Postal Savings Funds,
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The steady and consistent growth of this bank is evidence of its constant attention to every detail of banking service. A thoroughly organized foreign department is equipped to handle all classes of foreign financial transactions.

ACCOUNTS OF BANKS AND BANKERS INVITED

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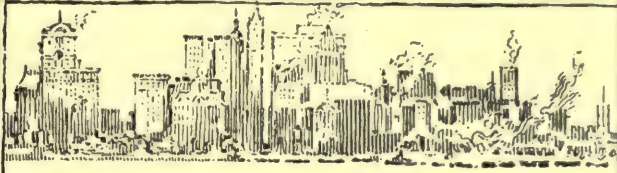
Successors to N. W. HARRIS & CO. New York

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NEW YORK**

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**Harris, Forbes & Company
Incorporated
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**Harris Trust & Savings Bank
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"We will answer all things faithfully."

—SHAKESPEARE

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You can depend upon the Metropolitan Trust Company. Whether the matter is of large import or small you may rely upon us as your New York correspondent to act faithfully and intelligently for your best interests.

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TRUST COMPANY**
OF THE CITY OF NEW YORK
120 BROADWAY 716 FIFTH AVENUE

MEMBER FEDERAL RESERVE SYSTEM

100 YEARS OF COMMERCIAL BANKING

THE
CHATHAM
AND
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150 MILLION DOLLARS RESOURCES

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Capital, Surplus and Undivided Profits over 31 Million Dollars

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as Executor, Trustee,
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Receives Deposits,
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Commercial
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Member Federal Reserve System

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and
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CAPITAL and SURPLUS
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COMPANY OF ILLINOIS
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When Your Clients Plan Visits to Spokane

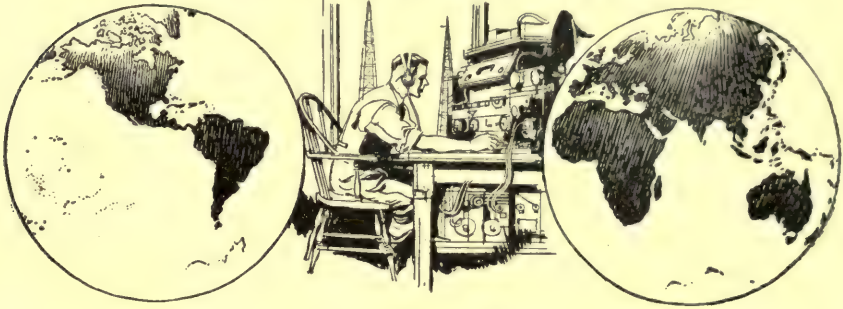
—give them letters of introduction to The Old National Bank. This will assure them not only of such banking service as they may require while in our city, but also of every courtesy and consideration which we can extend to make their visits here thoroughly pleasant and enjoyable.

Correspondence invited regarding the service we render in the handling of "Inland Empire" banking transactions.

The Old National Bank

Spokane, Washington

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MONEY-changing in these days consists in making funds available for use at any place they are needed in the shortest possible time. Thousands of correspondent banks, accustomed through years of banking intercourse to doing business with the Continental and Commercial, make it possible for us to transfer funds by wire to very remote points without delay.

Banks are cordially invited to investigate and test this service.

The **CONTINENTAL and
COMMERCIAL
BANKS**
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THIS MAIN BANKING OFFICE of the Peoples State Bank reflects the stability, the hospitality, the broad policies of this leader among Michigan's financial institutions.

Here is room to care for the needs of every one. And here are provided in abundance those facilities that enable us to handle his business quickly, accurately and courteously—the facilities that make this bank a real aid to its customers, and a vital factor in the industrial greatness of this community.

This sort of complete equipment in every department fits The Peoples State Bank to serve you in Detroit.

Capital, Surplus and Undivided Profits Over \$14,000,000

RESOURCES OVER ONE HUNDRED MILLION DOLLARS

THE PEOPLES STATE BANK

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Some of the distinctive service advantages at the disposal of our correspondents are:

A twenty-four-hour Transit Department.

Private telephone wires to New York and to the local telegraph office.

No charge for telegraphic transfers of funds.

Direct collection service.

All items, cash and collection, wherever payable in the United States, received at par.

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The Trust Company of Cuba

Havana, Cuba

Obispo 53.

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Capital \$500,000.00
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Head Office: 54, LOMBARD STREET, LONDON, E. C. 3

AUTHORIZED CAPITAL	£20,000,000
ISSUED AND PAID UP CAPITAL	£15,592,372
RESERVE FUND	£8,250,000
DEPOSITS (31st December, 1921).....	£330,942,299

The Bank has over 1,550 Branches in England and Wales, and Agents and Correspondents in all the Principal Towns throughout the World. American banks and bankers are cordially invited to utilize its organization for their business in Great Britain.

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Capital and Surplus eight million

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Citizens-American Bank & Trust Co.

TAMPA, FLA.

Member Federal Reserve System



Capital	-	-	\$1,000,000.00
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Six of its own branches in important Spanish cities enable the Anglo-South American Bank to offer exceptional facilities for the prompt and efficient handling of import and export business with Spain. These branches are located at :



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exceed thirteen million
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We invite you to write to our officers concerning your Massachusetts trust business or to call at our offices when you are in Boston.

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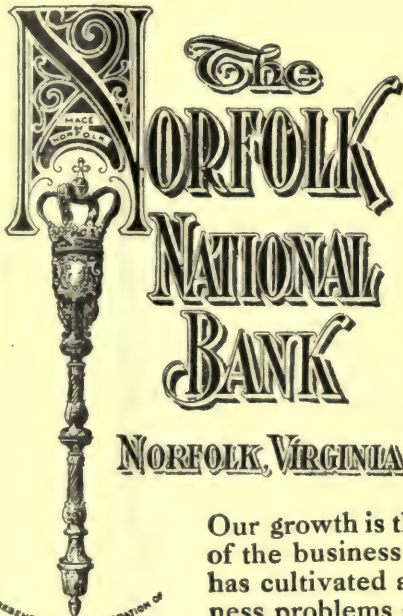
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Organized 1885

UNITED STATES DEPOSITORY

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Surplus and Profits . \$1,190,000

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 in Eastern Virginia***

CORRESPONDENTS — National City Bank, New York; National Bank of Commerce, New York; Fourth Street National Bank, Philadelphia; National Shawmut Bank, Boston; Merchants National Bank, Baltimore.

Our growth is the direct result of the confidence of the business world in our bank—a bank that has cultivated an intimate appreciation of business problems and has tried to be helpful in up-building vital business interests of our country.

Austin National Bank

AUSTIN, TEXAS

Capital \$300,000 Surplus and Profits \$596,000 Resources \$4,552,000

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We are at the center of an Empire of Business and would like to represent you here

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**For Prompt and Best Service Send Your
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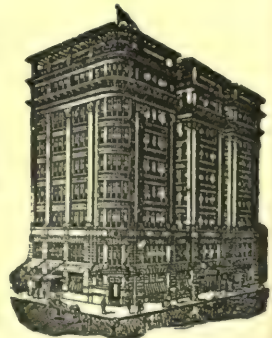
American National Bank

AUSTIN, TEXAS

Capital, \$300,000 Surplus, \$800,000

Directors Responsibility Over \$8,000,000 United States Government Depository

Will remit in New York, Boston, Chicago, St. Louis, Kansas City or New Orleans Exchange when requested. We have unsurpassed facilities for collecting on all banking points in Texas.





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BANKER & TRADESMAN

New England's Leading Business Weekly—Covers the Business, Financial and Real Estate News of the New England States

Write for Sample Copy

Banker & Tradesman, 127 Federal St., Boston, Mass.

In Rhode Island —the Industrial Trust

Branch offices in the principal centers throughout the state, and headquarters in Providence, equip the Industrial Trust for prompt and satisfactory service. Your first transaction with us will prove this to you.

INDUSTRIAL TRUST COMPANY

Member of Federal Reserve System

Main Offices: Providence, Rhode Island

The Elements of Foreign Exchange

By
FRANKLIN ESCHER

A Foreign Exchange
Primer

The simple explanation of exchange and the exchange market you have long been looking for is in this book. It is a practical treatment of the subject for the Banker, the Business Man and the Student.

Mr. Escher is one of the best known writers on financial subjects, combining a thorough, practical training in foreign exchange with long experience in lecturing on the subject at New York University. He has written his book so as to make it of great value both to the practical business man and the student.

Why exchange rises and falls as it does, what can be read from its movements and how merchants and bankers take advantage of them, the effect that these movements exert on the other markets—these and like questions are taken up in the first part of the book. The second part describes intimately the practical operation of exchange and the exchange markets, and contains special chapters on arbitrage, international trading in securities, the financing of exports and imports, gold shipments, and other important phases of the subject.

BANKERS PUBLISHING COMPANY, P. O. Box 557, City Hall
Station, New York.

I enclose \$1.60 for a copy of "Elements of Foreign Exchange" by Escher. It is understood that if this book is not satisfactory I may return it within ten days and you will refund the money.

NAME

BANK

ADDRESS

**Capital****\$5,000,000****Reserves****\$7,000,000****Head Office—TORONTO, CANADA****CANADIAN COLLECTIONS—**

Special facilities through our Branches and arrangements with other Banks for making Canadian Collections for Banks and Business Houses in United States and Foreign Countries. Our service comprises close supervision and prompt remittance. Information will be gladly furnished when required.

CANADIAN ACCOUNTS AND BALANCES—

Deposits invited. Interest allowed on balances. Close rates of exchange given on amounts transferred.

THE BANK OF TORONTO

INCORPORATED
1855

THOS. F. HOW
General Manager

THE MOLSONS BANK

Incorporated by Act of Parliament 1855

HEAD OFFICE: MONTREAL, CANADA

Capital Paid Up, \$4,000,000

Reserve Fund, \$5,000,000

Resources Over, \$80,000,000

BOARD OF DIRECTORS

WM. MOLSON MACPHERSON, *President*

S. H. EWING, *Vice-President*

F. W. MOLSON

WM. M. BIRKS

W. A. BLACK

JOHN W. ROSS

J. M. MCINTYRE

EDWARD C. PRATT, *General Manager*

H. A. HARRIES, *Superintendent of Branches*

T. CARLISLE, *Chief Inspector*

E. HABERER, *Inspector*

Agents in Great Britain and Colonies

LONDON and LIVERPOOL—London County Westminster and Parr's Bank, Limited.

IRELAND—Munster and Leinster Bank, Limited. **AUSTRALIA and NEW ZEALAND**

—The Union Bank of Australia, Limited. **SOUTH AFRICA**—The Standard Bank of South Africa, Limited.

Foreign Agents

FRANCE—Société Générale.

BELGIUM, Antwerp—La Banque D'Anvers.

Brussels—Société Générale Belgique.

CHINA and JAPAN—Hong Kong and Shanghai Banking Corporation.

125 Branches throughout the Dominion of Canada

Agents in all the Principal Cities of the United States

Collections made in all parts of the Dominion and returns promptly remitted at lowest rates of exchange. Commercial letters of credit and travellers' circular letters issued, available in all parts of the world.

THE ROYAL BANK OF CANADA

Head Office :
MONTREAL



Capital & Reserves \$41,000,000

Total Assets . . \$500,000,000



Collections

handled upon
favorable terms



ESTABLISHED 1832

Banking Service in Canada, Newfoundland and West Indies

With 284 branches in Canada, 24 in Newfoundland, 11 in Jamaica and 6 in Cuba, Porto Rico and the Dominican Republic, we are well equipped to handle the accounts of banks and corporations wishing to do business with these points.

Capital Paid-Up	.	\$9,700,000
Reserve Fund	. .	\$19,000,000
Total Assets over	.	\$225,000,000

The Bank of Nova Scotia

GENERAL MANAGER'S OFFICE: TORONTO, ONT.

H. A. RICHARDSON, General Manager

NEW YORK AGENCY - - - 52 WALL STREET

H. F. PATTERSON and F. W. MURRAY, Agents

LONDON BRANCH: 55 Old Broad St., E.C. 2

CORRESPONDENTS

LONDON, ENG.—London Joint City & Midland Bank, Ltd.

NEW YORK—Bank of New York, N. B. A.

National Bank of Commerce in New York

The Union Bank of Australia, Limited

Established 1837. Incorporated 1880.

Capital Authorized and Issued	£9,000,000
Capital Paid-Up	£2,500,000
Reserve Fund	£2,750,000
Reserve Liability of Proprietors £5,000,000	

Head Office—71, CORNHILL, LONDON, E. C.

Manager—W. J. ESSAME

Assistant Manager—W. A. LAING

Branches throughout Australia and New Zealand 182, viz.:—

In Victoria, 42; In South Australia, 14; In New South Wales, 38; In Western Australia, 20;
In Queensland, 19; In Tasmania, 3; In New Zealand, 46.

Agents and Correspondents in all parts of the World

The Bank offers facilities for the transaction of every description of Banking business in Australia and New Zealand.

Bills negotiated or sent for collection. Commercial and Circular Credits issued available throughout the World.

LONDON COUNTY WESTMINSTER and PARR'S BANK LIMITED

ESTABLISHED IN 1836.

Chairman: WALTER LEAF.

Deputy-Chairmen: SIR MONTAGU TURNER, R. HUGH TENNANT.

AUTHORISED CAPITAL	£33,000,000
PAID-UP CAPITAL	9,003,718
RESERVE	9,003,718

(31st December, 1921)

Current, Deposit and other Accounts..... £317,655,838

Head Office: 41, LOTHBURY, LONDON, E.C. 2.

Chief General Manager: JOHN RAE.

Foreign Branch Office: 82, CORNHILL, LONDON, E.C. 3.

AFFILIATED ABROAD

London County Westminster and Parr's Foreign Bank, Limited

FRANCE

PARIS: 22, Place Vendôme.
BORDEAUX: 22 and 24, Cours de l'Intendance.
LYONS: 37, Rue de la République.
MARSEILLES: 29, Rue Cannebière.
NANTES: 6, Rue Lafayette.

SPAIN

MADRID: Avenida del Conde de Penalver 21 & 23.

BELGIUM

BRUSSELS: 114-120, Rue Royale.
ANTWERP: 28-30, Place de Meir.

AFFILIATED IN IRELAND

ULSTER BANK LIMITED. All Cheques on the Ulster Bank will be collected for Customers of this Bank, free of Commission.

The Bank is represented by Branches or Agents in all the Principal Cities and Towns of the United Kingdom and has Correspondents throughout the World.

EXECUTOR AND TRUSTEE DUTIES UNDERTAKEN

Established 1875

Imperial Bank of Canada

HEAD OFFICE, TORONTO

Capital (Paid Up) - - - \$7,000,000

Reserve Fund - - - - - 7,500,000

PELEG HOWLAND, PRESIDENT

WM. HAMILTON MERRITT, M.D., (St. Catherines), VICE PRESIDENT

A. E. PHIPPS, GEN. MANAGER G. D. BOULTON, ASST. GEN. MANAGER

H. T. JAFFRAY, ASST. GEN. MANAGER

Agents and Correspondents

UNITED STATES

New York—Bank of the Manhattan Co.

Boston—National Shawmut Bank.

Philadelphia—Fourth St. National Bank

Buffalo—Marine Trust Co.

Chicago—First National Bank.

San Francisco—Wells Fargo Nevada Na-

tional Bank.

Seattle—Seattle National Bank.

Minneapolis—First National Bank.

GREAT BRITAIN and IRELAND

England—Lloyds Bank, Limited.

Scotland—The Commercial Bank of Scot-

land.

Ireland—Northern Banking Co., Limited,

Belfast, and Branches.

FRANCE, BELGIUM and

SWITZERLAND

Lloyds & National Provincial Foreign
Bank, Ltd.

Having as its correspondents the largest and strongest banks throughout the world, the Imperial Bank of Canada is in a position to afford the most efficient banking service.

With 212 branches in Canada our facilities for handling business throughout the Dominion are unexcelled.

Established in 1833

THE NATIONAL PROVINCIAL AND UNION BANK OF ENGLAND, LTD.

(25 = £1)

Subscribed Capital - - - - - \$217,235,400

Paid-up Capital - - - - - 46,547,080

Reserve Fund - - - - - 44,390,205

HEAD OFFICE : 15, BISHOPSGATE, LONDON, E.C.2.

Principal City Offices :

PRINCES STREET OFFICE (Union) : 2, Princes Street, E.C.2.

LOMBARD STREET OFFICE (Smiths) : 1, Lombard Street, E.C.3.

CORNHILL OFFICE (Prescott's) : 50, Cornhill, E.C.3.

The Bank has over ONE THOUSAND OFFICES in ENGLAND and WALES, together with Agents in all parts of the world.

COUTTS & CO.

Established 1692, is affiliated with this Bank

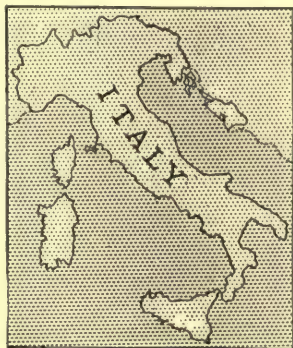
AUXILIARY

LLOYDS & NATIONAL PROVINCIAL FOREIGN BANK LTD.

Principal Offices : London, Paris, Brussels, Cologne, Zurich

In Every Important Italian Market

IN EIGHTY commercial and industrial centers of Italy a branch of the Banca Commerciale Italiana performs all the functions of a local bank, with its service closely interwoven with the business affairs of the community it serves.



The New York Agency of this institution, therefore, brings to American bankers and business men an intimate knowledge of Italian commerce and industry obtained by constant and direct relationship with these eighty Italian business centers. Foreign branches and affiliations extend our service to England, France, Switzerland, Belgium, Poland, Czecho-Slovakia, Austria, Hungary, Roumania, Jugoslavia, Bulgaria, Turkey and throughout South America. Facilities thus provided for American foreign trade are of exceptional breadth and scope.

FOREIGN BRANCHES

New York

London

Constantinople

AFFILIATED INSTITUTIONS

Banca Commerciale Italiana (France): MARSEILLES, NICE, and other important cities.

Banca Commerciale Italiana e Bulgara: SOFIA and branches.

Banca Commerciale Italiana e Romana: BUCHAREST and branches.

Banca Ungaro Italiana: BUDAPEST.

Banque Française et Italienne pour l'Amérique du Sud: PARIS, BUENOS AIRES, SAO PAULO, RIO de JANEIRO, and other important cities in Argentine and Brazil.

Boehmische Union Bank: PRAGUE and branches.

Banca della Svizzera Italiana: LUGANO and branches.

Credit Anversois: ANVERS, BRUXELLES and branches.

Società Italiana di Credito Commerciale: VIENNA, TRIESTE, and branches.

Banco Italiano: LIMA and branches.

Banco Francés de Chile: SANTIAGO, VALPARAISO.

Banco Francés e Italiano de Colombia: BOGOTA.

Banca Commerciale Italiana

NEW YORK AGENCY, 62-64 WILLIAM STREET

Authorized Capital \$80,000,000

Capital fully paid \$69,757,200

Surplus . . . \$35,200,000

Resources . . . \$1,349,519,813

Five Lire = One Dollar

Head Office, MILAN, ITALY

COMM. DR. GUIDO PEDRAZZINI, Agent

Italo Belgian Bank

Société Anonyme

(Filiat of "SOCIETE GENERALE DE BELGIQUE")

Head Office - - Antwerp

48, PLACE DE MEIR

Telegraphic Address: ITELBANK

Capital Frs. 50,000,000

Reserve Fund Frs. 25,000,000

Branches:

France—Paris, 62 Rue de la Chaussée d'Antin
Great Britain—London, 50 Old Broad St., E. C. 2
Argentina—Buenos Aires
Brazil—Sao Paulo, Rio de Janeiro, Santos, Campinas
Uruguay—Montevideo
Chili—Valparaiso

Telegraphic Addresses:

Carameris
 Itabelban Ave
 Itelbank
 Itelbank
 Itelbank
 Itelbank

Correspondents in all principal places in South America. All banking business, documentary credits, bills collected, payment of checks and letters of credit.

Official Correspondent in South America of

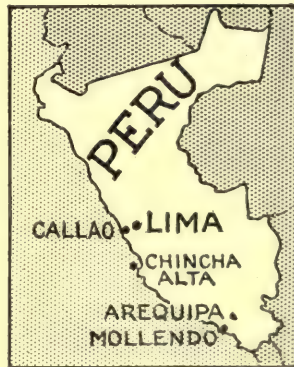
The Royal Italian Treasury

The National Bank of Belgium

Agents for South America of the Credito Italiano, Milan

A Native Bank in Peru

Being a native bank in Peru, we have the advantage of knowing intimately the commerce and industry of the country. Hence we are able to offer a complete Peruvian banking service based on first hand knowledge of business conditions. Commercial reports and information concerning Peru gladly sent on request.



BRANCHES

Callao Arequipa Chinchalta Mollendo

Representative for the United States

Banca Commerciale Italiana, 62-64 William St., N. Y.

BANCO ITALIANO

LIMA, PERU

Established 1889

Capital Fully Paid
 Lp 400,000

Surplus
 Lp 353,850.9.86

Total Resources
 Lp 11,664,000

The Anglo-Egyptian Bank, Limited

Subscribed Capital	.	.	£1,800,000
CAPITAL PAID-UP	.	.	£ 600,000
Reserve Fund	.	.	£ 720,000

Head Office : 27 Clements Lane
Lombard Street—London, E.C. 4

BRANCHES

EGYPT.	Alexandria, Cairo, Port-Said, Suez, Tantah, Zagazig, Mansourah, Assiut, Beni-Suef.
SUDAN.	Omdurman, Khartoum, Port Sudan.
PALESTINE.	Haifa, Jaffa, Jerusalem, Ramallah, Nazareth.
MEDITERRANEAN.	Malta, Gibraltar.

The Bank transacts every description of Banking business in Egypt and other Countries where it has branches, grants letters of credit and affords facilities to travellers proceeding to Egypt and elsewhere. The Bank will also effect Purchases and Sales of Stocks and Egyptian and other Produce.

Deposits received for one year at rates to be ascertained on application.

Bank of Liverpool & Martins Limited

Head Office: 7 WATER STREET, LIVERPOOL

London Office: 68 LOMBARD STREET, LONDON, E.C. 3

		\$5=£1
Capital Subscribed	.	\$93,955,600
Capital Paid Up	.	11,744,450
Reserve Fund and Surplus Profits	.	7,735,595
Deposits, etc., at 31st Dec, 1921	.	393,228,055

322 BRANCHES AND SUB-BRANCHES

*All descriptions of Banking, Trustee and Foreign
Exchange Business Transacted*

The Bank is prepared to act as Agents for Foreign Banks
on usual Terms

LONDON JOINT CITY AND MIDLAND BANK LIMITED

CHAIRMAN:

The Right Hon. R. McKENNA

JOINT MANAGING DIRECTORS:

F. HYDE

E. W. WOOLLEY

Subscribed Capital	-	-	£38,117,103
Paid-up Capital	-	-	10,860,852
Reserve Fund	-	-	10,860,852
Deposits (Dec. 31st, 1921)	-	-	375,117,092

HEAD OFFICE: 5, THREADNEEDLE STREET, LONDON, E.C. 2

OVER 1,600 OFFICES IN ENGLAND AND WALES

OVERSEAS BRANCH: 65 & 66, OLD BROAD STREET, LONDON, E.C. 2

Atlantic Offices: "*Aquitania*" "*Berengaria*" "*Mauretania*"

AFFILIATED BANKS:

BELFAST BANKING CO. LTD. **THE CLYDESDALE BANK LTD.**
OVER 110 OFFICES IN IRELAND OVER 160 OFFICES IN SCOTLAND

LLOYDS BANK LIMITED.

Head Office: 71, LOMBARD ST., LONDON, E.C. 3.



		(£5 = £1.)
CAPITAL SUBSCRIBED	-	\$359,323,900
CAPITAL PAID UP	-	71,864,780
RESERVE FUND	-	50,000,000
DEPOSITS, &c.	-	1,744,459,8£0
ADVANCES, &c.	-	654,235,650

THIS BANK HAS 1,600 OFFICES IN ENGLAND & WALES.

Colonial and Foreign Department: 20, KING WILLIAM STREET, LONDON, E.C. 4.

The Agency of Foreign and Colonial Banks is undertaken.

Affiliated Banks:

THE NATIONAL BANK OF SCOTLAND LTD. LONDON AND RIVER PLATE BANK, LTD.

Auxiliary:

LLOYDS AND NATIONAL PROVINCIAL FOREIGN BANK LIMITED.

THE ONE HUNDREDTH BANK, LTD.

ESTABLISHED 1878

Capital Subscribed Yen 25,000,000.00
 Capital Paid Up Yen 17,500,000.00
 Reserve Fund and Undivided Profits . Yen 8,100,000.00

HEAD OFFICE: TOKYO, JAPAN

Branches: YOKOHAMA, OSAKA, KYOTO, TOTTORI

KENZO IKEDA, President SAKIO CHOH, Managing-Director
 HIROSHI ANDO, Director KUNIZO HARA, Director SHOSO YAMANAKA, Director

LONDON AGENTS:

Brown, Shipley & Company Lloyds Bank, Limited
 The London Joint City and Midland Bank, Limited

NEW YORK AGENTS:

Brown Brothers & Co. The Guaranty Trust Co. of New York
 The Equitable Trust Co. of New York

Every description of Banking and Foreign Exchange Business
 transacted under favorable terms

CORRESPONDENCE INVITED



Den Danske Landmandsbank

Hypothek-og Vekselbank

COPENHAGEN (Denmark)

Telegraphic Address—Landmandsbank

Paid-up Capital, Kr. 100,000,000 } about { £8,270,000
 Reserve Fund, Kr. 50,000,000 } { \$40,200,000

PROVINCIAL BRANCHES

Aabenraa
 Aalborg
 Bagsværd
 Bandholm
 Bramminge
 Durup
 Elsinore
 Esbjerg
 Eskildstrup
 Faaborg

Farum
 Fejø
 Fredericia
 Grenaa
 Haderslev
 Holbæk
 Hurup
 Hvidbjerg
 Hørsholm
 Kallundborg

Kolding
 Kolind
 Korsør
 Langeskov
 Maribo
 Marstal
 Nakskov
 Nordby
 Nyborg
 Nykjøbing F.

Nykjøbing S.
 Nysted
 Nørre Broby
 Roslev
 Røddby
 Sækkjøbing
 Skagen
 Skive
 Slangerup
 Stubbekjøbing

Svendborg
 Sønderho
 Thisted
 Tølløse
 Tønder
 Vejle
 Vestervig
 Arøskjøbing
 Orskov

The Bank transacts every kind of legitimate Banking Business

MANAGERS

C. Harhoff Emil Glitsckstadt, Conseiller d'Etat
 O. Ringberg Emil Rasmussen Fr. Rothe

THE BANK OF TAIWAN, LTD.

Incorporated by Special Imperial Charter, 1899

Head Office: TAIPEH, TAIWAN

Capital Subscribed.....		Yen 60,000,000
Capital Paid Up.....		Yen 45,000,000
Reserve and Surplus.....		Yen 13,298,000

KOJURO NAKAGAWA, Esq.
President

SHUNROKURO MORI, Esq.
Vice-President

Directors

KUMEMATSU MORINAGA, Esq.
TADASU HISAMUNE, Esq.

GUNJI KAWASAKI, Esq.
MASUMI ESAKI, Esq.

DENKICHI TAKIDA, Esq.

BRANCHES :

JAPAN—Tokyo (General Manager's Office), Kobe, Osaka, Yokohama, Moji.

TAIWAN—Ako, Giran, Kagi, Karenko, Keelung, Makung, Nanto, Pinan, Shinchiku, Taichu, Tainan, Takow, Tamsui, Toyen.

CHINA—Amoy, Canton, Foochow, Hankow, Kiukiang, Shanghai, Swatow.

OTHERS—Hongkong, London, New York, Singapore, Semarang, Soerabaia, Batavia, Bombay, Bangkok.

New York Office: 165 Broadway

MASAJIRO ARAKI, Agent

London Office: 25 Old Broad Street

New York Correspondents:

CHASE NATIONAL BANK
NATIONAL CITY BANK
NATIONAL BANK OF COMMERCE
IRVING NATIONAL BANK
CENTRAL UNION TRUST COMPANY
NEW YORK TRUST COMPANY

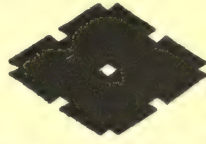
HANOVER NATIONAL BANK
GUARANTY TRUST COMPANY
BANKERS TRUST COMPANY
EQUITABLE TRUST COMPANY
BANK OF THE MANHATTAN COMPANY
FARMERS LOAN & TRUST COMPANY

Cable Transfers, Drafts, and Letters of Credit issued; the Negotiation and Collections of Bills of Exchange and other Banking Business transacted through our various Branches as well as correspondents in all parts of the world; offers exceptional facilities for handling transactions in the Far East.

The Sumitomo Bank, Limited

ESTABLISHED 1912
(Successors to The Sumitomo Bank)

Capital Subscribed	.	.	Yen	70,000,000
Capital Paid up	.	.	"	50,000,000
Reserve Fund	.	.	"	22,500,000
Deposits (Dec. 31, 1921)	.	.	"	369,000,000



Head Office : OSAKA, JAPAN

BARON K. SUMITOMO, President

K. YUKAWA, Esq., Managing Director
T. KANO, Esq., " "

S. YOSHIDA, Esq., Managing Director
N. YATSUSHIRO, Esq., " "

New York Agency, 149 Broadway, New York
S. IMAMURA, Agent

HOME OFFICES

Osaka (9)	Tokyo (6)	Yokohama	Kobe	Kyoto (2)	Nagoya
Shimonoseki	Moji	Hiroshima	Hakata	Hyogo	Niigata
Kurume	Kure	Wakamatsu	Kokura	Yanai	Onomichi

Foreign Branches—Shanghai, New York, London, Hankow, San Francisco, Bombay

Affiliated Banks—The Sumitomo Bank of Hawaii, Honolulu, T. H.; The Sumitomo Bank, Seattle, Wash.

Chief Bankers in New York and London—National City Bank of New York, New York; Lloyds Bank, Ltd., London

Correspondents in All Important Places at Home and Abroad

The Bank buys, sells and receives for collection drafts and telegraphic transfers; issues Commercial and Travellers Letters of Credit available in all important parts of the world, besides doing general banking business

THE MITSUI BANK, LTD.

Head Office, TOKYO

(No. 1 Suruga-cho, Nihonbashi-ku)

Capital Subscribed	.	.	Yen	100,000,000.00
Capital Paid-Up	.	.	Yen	60,000,000.00
Reserve Fund (July 1921)	.	.	Yen	28,000,000.00

BRANCHES

Nihonbashi (Tokyo), Fukuoka, Hiroshima, Kobe, Kyoto, Moji, Nagasaki, Nagoya, Osaka, Nishi (Osaka), Kawaguchi (Osaka), Otaru, Shanghai, Shimonoseki, Wakamatsu, Yokohama

New York Agents

Bankers Trust Co. The Chase National Bank
The National City Bank of New York

London Agents

Barclays Bank, Ltd. London Joint City & Midland Bank, Ltd.

Paris Agents

Banque de l'Union Parisienne Comptoir National d'Escompte de Paris

Bombay Agents

National Bank of India, Ltd.

The Bank of Chosen

Incorporated by Special Charter of Imperial Japanese Government, 1909

Capital Subscribed		Yen 80,000,000
Capital Paid-Up		Yen 50,000,000
Total Resources		Yen 600,000,000

Head Office, Keijo (Seoul), Chosen (Korea)

Governor, S. MINOBE

Deputy Governor, T. KANO

Directors

S. OHTA

S. KATAYAMA

S. YOSHIDA

S. KAKEI

FOREIGN DEPARTMENT: TOKYO

(All communications relating to the arrangements of correspondents and the Bank's general foreign business to be addressed to the Foreign Department)

Principal Branches:

CHOSŌN: (Korea) Chemulpo, Pyengyang, Wonsan, Fusan, Taiku.

MANCHURIA: Mukden, Dairen, Changchun, Newchang, Harbin, Antung.

JAPAN: Tokyo, Osaka, Kobe, Shimonoseki.

CHINA: Shanghai, Tsingtao, Tientsin, Tsinan.

SIBERIA: Vladivostok.

New York Agency, 165 Broadway

M. Hashimoto, Agent

The Kajima Bank, Limited

Established in 1888

CAPITAL PAID UP		Yen 15,100,000.00
RESERVE FUND		3,400,000.00
DEPOSITS (Dec. 31, 1921)		153,461,576.82

Keizo Hirooka, Esq., President
Chusuke Yoshii, Esq., Managing Director
Seljiro Glon, Esq., Director
Tadanosuke Emura, Director
Manroku Matsui, Auditor

Yukinori Hoshino, Esq., Managing Director
Seishichi Kawakami, Esq., Managing Director
Hikotaro Ohmura, Esq., Director
Kyuemon Hirooka, Esq., Auditor
Kin-ichiro Hoshijima, Auditor

Head Office, Osaka, Japan

Principal Branches

Tokyo Kyoto Kobe Okayama Hiroshima Fukuyama Tokuyama

Transacts General Banking, Foreign Exchange and Trust Company Business

New York Correspondents

Yokohama Specie Bank, Ltd.
Bank of Taiwan, Ltd.
American Express Co.

London Correspondents

Yokohama Specie Bank, Ltd.
Bank of Taiwan, Ltd.
London Joint City & Midland Bank, Ltd.

SKANDINAVISKA KREDITAKTIEBOLAGET

Established in 1864

GOTHENBURG STOCKHOLM MALMÖ

Branches
In All Parts of Sweden

PAID-UP CAPITAL AND RESERVES
KR. 182,000,000

Telegraphic Address: Kreditbolaget

Foreign Exchange bought and sold, bills collected, deposit
and current accounts opened and all kinds of banking
business transacted

Commercial Bank of Greece, Ltd.

Head Office: Athens

BRANCHES: Piraeus, Argos, Pyrgos, Patras, Calamata, Corfou, Cephalonie, Syra, Chio, Nauplie, Vostizza, Candie, Volo, Salonique, Larissa, Tricala, Mytilene, Canea and CONSTANTINOPLE.

CORRESPONDENTS in the principal towns of Greece and in foreign countries throughout the world.

GENERAL BANKING BUSINESS TRANSACTED

Collections, Letters of Credit, Cable Transfers, Current
and Term Deposits, Etc.

CAPITAL . . . Dr. 20,000,000.00

RESERVES . . . Dr. 11,360,832.45

Latent Reserves Through Appreciation of Exchange and
Investments Dr. 50,000,000

The National Bank of New Zealand, Ltd.

Subscribed Capital, \$15,000,000
 Paid-up Capital, \$ 5,000,000
 Reserve Fund, \$ 5,100,000

Head Office

17 Moorgate Street, London, E.C. 2

Manager, ARTHUR WILLIS

Chief Office

In New Zealand at Wellington

General Manager, D. W. DUTHIE



70 Branches and Agencies Throughout New Zealand.

Bills of Exchange Collected. Wool and Produce Credits Arranged.
 All Classes of Banking Business Undertaken.

Bohemian Industrial Bank

Česká Průmyslová Banka

amalgamated with

Agricultural Credit Bank of Bohemia

Hospodářská úvěrní banka pro Čechy

Head Office: Prague, Czechoslovakia

Paid-up Capital	Czechoslovak crowns	210,000,000.00
Reserves	" "	90,000,000.00
Resources	" "	2,500,000,000.00

55 Branches throughout Czechoslovakia

Correspondents in every town of the Republic

Foreign Branches:—VIENNA, Austria (two sub-branches)
 LJUBLJANA, Jugoslavia

FOREIGN AFFILIATIONS:

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			<hr/>
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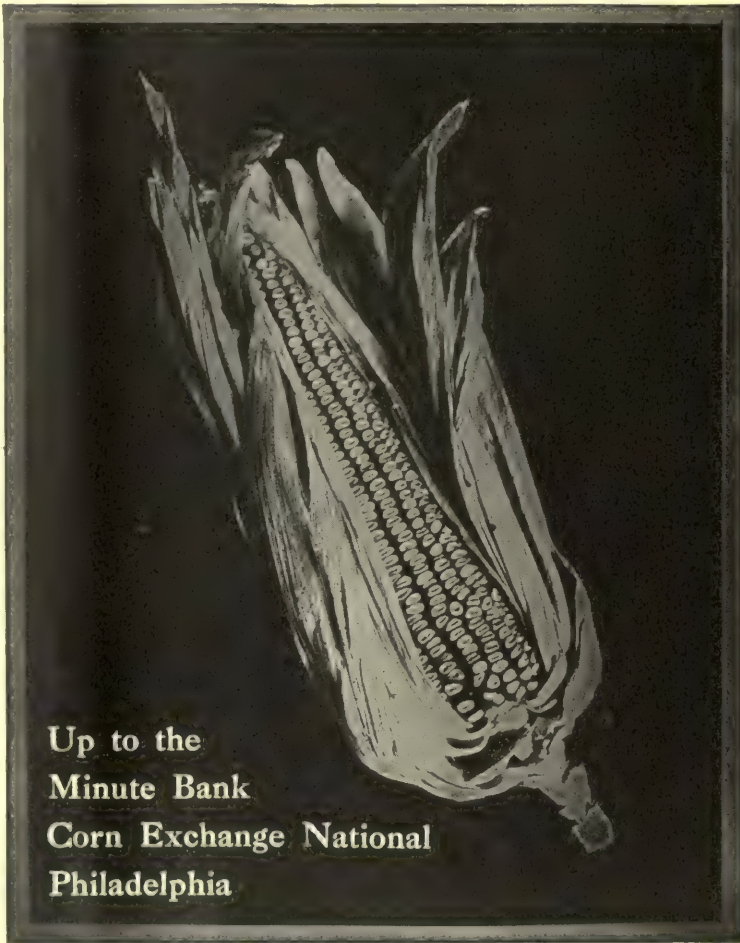
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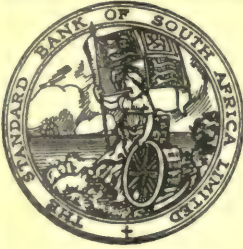
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Reserve Liability of Proprietors - - -	- - -	25,000,000
		<u>\$67,500,000</u>



Aggregate Assets, 30th Sept., 1921, \$359,326,760

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THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-SIXTH YEAR

JUNE 1922

VOLUME CIV, NO. 6

The Unity of the World

The world is one unit. It is not even two hemispheres.
It is one round, unbroken sphere.

—LLOYD GEORGE, at Genoa.

IN their attempts to demonstrate the physical sphericity of our globe, the ancient astronomers and geographers encountered much hostility, principally of an ecclesiastical character. It was feared that once the heliocentric nature of the universe was allowed to supplant the geocentric theory, the earth as the especial object of the Creator's concern would lose much of its importance with a consequent diminution in the authority and power of those who regarded themselves as the duly appointed custodians of omnipotent rulership. The event has shown this fear to have been ungrounded.

Likewise those who are now engaged in seeking to establish the unity of the world in a spiritual sense are finding their efforts hindered by an opposition no less determined though proceeding from a different source. Religious authorities generally are rather favorably disposed toward this new conception of human relations, but it evokes the antagonism of the high-priests of politics who see in the successful application of this principle a lessening of their individual importance. They may be as mistaken as were the religious authorities, who flouted the discoveries of Copernicus and Galileo.

In laying down this doctrine of world unity the British Prime Minister must realize that he is not stating a generally recognized truth or a principle that has heretofore had much consideration in shaping international relations. Self-interest, in a rather narrow sense, without much regard for the rights of others, has generally been the guiding principle when statesmen come to shape the relations of their respective nations to the outside world. To announce something directly antagonistic to this plan, as Lloyd George has done, constitutes a departure no less startling in the political world than were the announcements made by the discoverers of the sphericity of the earth to the ecclesiastical and scientific circles of the times.

Especially will this be true should any nation or group of nations act in a way to indicate that they consider this principle as something they must live up to, instead of the mere expression of an ideal aspiration, in which shadowy realm it at present belongs. Even granting the impeccability of this lofty ideal, its realization in practice is beset with many difficulties. Mankind, in their closest individual relations, are not easily persuaded that no benefits accrue from taking advantage of one another. As these dealings widen from individual contact to the remoter relations of international politics and trade, this feeling that we are to look to our interests, irrespective of the rights of others, amounts almost to positive conviction. This view is often proudly proclaimed as evidence of the highest degree of patriotism. And even though it be disclaimed, and the opposite principle lauded, the doctrine of national selfishness yet largely rules the world.

There is scriptural warrant for having due regard for one's own household, but no implication that this may not be done without infringing on the rights of others.

We have had a costly lesson of how far-reaching are the injuries of war, even to nations not directly engaged in it; but we yet lack convincing evidence that the practical application of this lesson has been made. The world may be one unit, but Europe looks more like a number of whirling atoms vainly seeking a common centre. And the United States, adhering closely to its own hemisphere, protests at being considered a component part of Lloyd George's globe or revolving in the same orbit. Temporarily caught up by tremendous forces beyond its control, and against which it vainly struggled for a time, it once more seeks its former solitariness and chooses to regard itself rather as a part of two hemispheres than a constituent of that "round, unbroken sphere" whose existence is visualized by the prophetic soul of Lloyd George.



Treasury Facing Heavy Deficit

ON April 13 the Secretary of the Treasury submitted a statement to the chairman of the Finance Committee of the Senate, indicating that the public revenues for the fiscal year ending June 30, 1923, would show a deficit of \$359,000,000, against an estimated deficit of \$167,571,977 when the annual budget was submitted. Furthermore, if there is taken into account \$125,000,000 of accumulated interest on war savings certificates, the indicated deficit will be raised to \$484,000,000. Then there are such matters as the ship subsidy and the proposed soldiers' bonus, with some possibilities of further miscellaneous expenditures, which will surely increase

the aggregate deficit far above the figures which the Secretary of the Treasury presents.

There are rumors at Washington that Secretary Mellon has made himself unpopular with Congress because of his frequent blunt reminders that if additional expenditures are authorized, additional taxes must be imposed. Congress seems to be laboring under the delusion that prosperity may be brought about by an increase of appropriations, apparently imagining that the money for meeting the bills will be forthcoming in some miraculous manner. The Secretary of the Treasury has a prosaic way of shattering these obsessions. It is not a part of his duties to advise Congress as to its general policies of making certain classes rich by grants out of the public treasury, but it is clearly his duty to show whether or not existing revenues are sufficient to support the munificent spirit which Congress displays. And this is a duty from which Mr. Mellon does not shrink. Indeed, between the cold, hard lines of his facts and figures one may discern a sort of sardonic satisfaction in telling Congress that liberal expenditures mean heavy taxation.



Wall Street's Outburst of Optimism

RECENTLY the New York stock market has shown remarkable activity, the total share transactions reaching very high levels, with prices showing marked advances.

Wall Street psychology has never been clearly defined. If one only knew the underlying springs of the Street's action, much painful anxiety and loss might be avoided. Apparently, the influences which affect ordinary trade and enterprise do not similarly act upon the stock market; rather the reverse. It is reported that Foch, the great military commander, at one time sent a dispatch something to this effect: "My left wing is defeated, my centre is crushed, my right wing is retreating; the situation is excellent; I shall attack." Wall Street appears to evince a similar spirit of optimism under dispiriting circumstances.

We have lately witnessed a great burst of speculation, and a rapid rise in prices. Concurrently with this manifestation there have been the following depressing factors in evidence: The coal strike, almost unprecedented commercial failures, prospective heavy Treasury deficit, a gloomy political outlook in Europe. There have been some compensating factors: Great building activity, the gradual revival in the steel trade. But the depressing factors seem of the greatest weight. Wall Street, however, takes the opposite view, and pushes up prices nearly all along the line. This may in-

dicating on the part of those engaged in the operations of the stock market a higher degree of skill and judgment than ordinary mortals possess, or a greater degree of faith and hope, or possibly clairvoyant powers permitting "a dip into the future, far as any eye can see." The thought is not to be entertained that Wall Street is merely marking up prices for the purpose of inviting spring lambs into these seemingly verdant pastures in order that they may be shorn.



Paying Employees by Check

OWING to the frequent robberies of payroll messengers of late, the Mayor of New York has suggested the advisability of paying employees by check instead of cash where such a plan would be feasible.

This suggestion is by no means a new one, and in some cases the plan proposed by Mayor Hylan has been put into effect already. In the case of employees having accounts with commercial banks the application of the plan is easy enough, as the checks may be cashed by the employee receiving them at his own bank. Where the employee has an account in a savings bank only, the process would not be so easy, since a good many savings banks are not inclined to cash checks drawn on other institutions. Of course, the savings depositor could deposit the check and make a withdrawal by presenting his passbook. But this would entail considerable additional work at the savings banks and possibly a serious loss of interest on account of the frequent withdrawals. Where an employee has no bank account, as is too often the case, the difficulty would be still greater. In such cases the supplying of cash would be imposed upon the shopkeepers, butchers, grocers, etc., instead of upon the banks and employers. It is not easy to see the justice of transferring this function from the shoulders of those where it obviously belongs to others who have no duty in the matter.

However advantageous it might be in theory to bring about this wider use of checks, the fact remains that it is the duty of employers to pay their employees in something that passes conveniently and readily from hand-to-hand circulation; that is, to pay in cash. It is also a part of a bank's duty, however laborious the service may prove, to pay its depositors' checks in the denominations of currency which the depositor may require; in other words, to furnish cash for payroll purposes.

It is true, though, that the carrying of large sums of money through the streets offers an incentive to robbery and is furthermore an archaic means of getting currency from banks to depositors. The banks are not compelled to see that the money safely reaches the

drawer of the check. Their responsibility ends when they have made payment to a duly-accredited messenger. But undoubtedly the banks wish to have the sums safely reach their depositors, and would probably welcome any feasible method of insuring this result. But, primarily, the duty of effecting this desirable end rests with merchants, manufacturers and others rather than with the banks.



Bank Failures in 1921

SOME surprise was no doubt felt when the Comptroller of the Currency recently made public figures showing that for the year 1921 there were 528 bank suspensions or failures in the United States. Of the suspended banks 163 were either able to reopen, to make satisfactory arrangement with other banks or to meet their liabilities in some other way. While the state bank failures outnumbered those of the national institutions, the failures of these latter were larger than in any previous year, excepting only 1893 and 1907.

Considering the large aggregate number of banks of various kinds, the total failures were comparatively insignificant, though it would be more comforting if the number had been fewer.

What is of more than ordinary interest is that while the failures in 1893 and 1907 were accompanied by a banking panic, no such manifestation accompanied the bank mortalities of 1921. In the earlier years the banks lacked any definite method of combining their resources for mutual protection, and in consequence each bank, on the approach of trouble, sought to protect its own funds. The result was a wild scramble for cash, and in this struggle the weakest banks went down. Furthermore, in the earlier years there was no dependable means by which a perfectly solvent bank, with plenty of good securities, could get the needed cash for meeting the demands of depositors. Both these deficiencies have been cured by the Federal Reserve Act, to whose operations must be attributed the immunity from bank panic which characterized the failures of 1921.

That so many banks failed last year shows that the Federal Reserve System does not prevent bank failures. The weeding out of weak banks goes on as before. But this is done in a less sensational manner and without involving the banking system generally in suspicion and distrust. As stated above, surprise was felt that so many banks had failed in 1921. Few people were aware that the mortality among the banks was anything like so extensive. The fact is that the banks dropped out quietly one by one. Their taking off was unaccompanied by the sensational incidents that marked

like events in 1893 and 1907. The gain in this more orderly demise of sickly banks, both to the public and to the healthy banks, is immense. Whatever valid criticisms may be made of the Federal Reserve Act, its features that are responsible for this great and beneficent change are worthy of careful study and high commendation.

It can not be too strongly emphasized that the number of banks failing in 1921, large as it was, bore an exceedingly small ratio to the aggregate number of banks. Nevertheless the possibly attainable ideal of absolute immunity from bank failures is one to be kept steadily in mind. Under almost any conceivable kind of supervision, a time will arrive in the history of some banks when they must be quietly put out of business. The best time to do this is before the fruits of recklessness or incapacity have been allowed to ripen into failure.



Trying to Straighten Out the Business Tangle

CONGRESS has been so diligent in regulating all sorts of business that a complex system of control has developed quite beyond the ability of any ordinary mortal to comprehend. In an attempt to find out what these laws mean, Senator Edge of New Jersey introduced into the Senate recently a resolution which provides for "creating a committee to investigate existing conditions of industry and commerce in the United States for the purpose of recommending to Congress legislation defining the rights and limitations of coöperative organizations as distinguished from illicit combinations in restraint of trade."

Debating this resolution, it was pointed out that several volumes of court decisions have been published interpretative of the Sherman Anti-Trust Law. But it is claimed that it is quite difficult, if not impossible, to ascertain which decision is applicable to a specific case.

Presumably the Federal Trade Commission was established for the purpose laid down in Senator Edge's resolution; but that body, apparently, has not clarified the situation, even if it has not made it worse confounded.

Very likely the regulatory zeal of Congress was incited by the growth of illegal practices among certain great business organizations, but the laws and decisions relating to trade operations and instrumentalities have now piled up to such an extent as to be very difficult of interpretation. It was contended by some of those who opposed Senator Edge's resolution that it is impossible, prior to

adjudication by the United States Supreme Court, to say whether or not any particular transaction or combination comes within the inhibition of the statutes. If this contention is true, neither a business man nor his counsel can feel safe in assuming responsibility for any given transaction. This undoubtedly gives rise to great uncertainty in many cases when no intention exists to violate the law.

In the course of debate the opinion was developed that if the objects of the resolution were carried into effect, a tribunal would be set up whose opinions would substantially amount to immunity for concerns engaged in illegal transactions. This view evidently prevailed, as the resolution was temporarily laid aside. A bill for carrying out its provisions is now before the Judiciary Committee of the Senate, and thus legislative consideration of the matter is not yet ended.

The complexities of state and Federal legislation, and the accompanying judicial decisions, have operated to make even legitimate business operations more trying; but whether or not these restrictions can be removed without again opening the doors to serious abuses, is a question. Perhaps the investigations of the Judiciary Committee of the Senate may throw some light on the matter, although it would seem that exhaustive prior investigations have not been of much good.



Investigation of the Federal Reserve System

AN investigation of the Federal Reserve System is provided for in a resolution which recently passed the Senate. The scope and purpose of the inquiry do not appear in the text of the resolution. Presumably an attempt will be made to find out just how much truth there is in the criticisms recently made of the system in Congress and elsewhere. As to the result of such an investigation, much will depend upon the spirit in which it is undertaken. If it be the aim to make a diligent and impartial inquiry into the workings of the system, the outcome of the investigation may prove beneficial; but, on the other hand, if the move is prompted by a desire to make political capital, or to gratify personal grudges, it will prove unfortunate.

It has been the belief of THE BANKERS MAGAZINE that the Federal Reserve Act effected a greater centralization of banking than was either desirable or necessary. This was brought about under a pretence of decentralization. Furthermore, it can not be

regarded as satisfactory to have the banking control lodged with a board appointed by the President, for this is in effect political control. We thus have made our banking system what it certainly never should be—the football of politics. If it be thought that this is a mere assertion, the recent attacks upon the Federal Reserve System in Congress should be carefully studied. The resolution adopted by the Senate is in itself a proof of what has been said.

Perhaps it is an unattainable ideal to hope that finally our banking control shall be left wholly in the hands of bankers, with just enough Government intervention to see that the laws are observed and that the rules of fair play are maintained. We have departed from this policy by placing the banking system under the direction of men appointed by the President. It has become the fashion for the people to look to Washington for the alleviation of their economic ills, and our banking system is coming to be regarded as an inexhaustible fountain of credit, whose refreshing streams may be made to fertilize the whole country at the wave of the fairy's wand by the Federal Reserve Board.



Federal Blue-Sky Legislation

FOR several years the states have been passing laws designed to regulate the sale of securities, the object being to prohibit the marketing of stocks and bonds of little or no actual or prospective value. Until recently this movement has received no support from Congress, and it was still possible to circumvent the state laws by using the mails, except in cases where there was outright fraud. But a bill was put through the House lately that will remedy this condition. This measure was entitled, "A bill to prevent the use of the United States mails and other agencies of interstate commerce for transporting and for promoting or procuring the sale of securities contrary to the laws of the states, and for other purposes, and providing penalties for the violation thereof."

The general purpose of this bill is to make effective the laws of the states that have already legislated on the subject.

It will be seen that Congress took no action in the matter until after some thirty-nine of the states had acted, and only then with a view to giving effect to the laws of the states. Upon some grounds this is to be regretted, for the sale of securities has now become a nation-wide business, almost if not quite as essential as other lines of trade. Whoever desires to engage in this business, instead of complying with a single Federal law, must conform to the regulations of the various states. These regulations, while all laudable in

their object, are in some cases exceedingly complex and such as will tend to restrict dealings in legitimate securities.

As Congress has assumed power, under the authority to regulate commerce between the states, to give effect to these varying state laws, might it not have taken positive action by passing a simple but comprehensive "blue-sky" law, on compliance with which any person might have been at liberty to offer securities for sale in interstate transactions? This would have secured all that such legislation really aims at, and would at the same time have rendered the legitimate sale of stocks and bonds simpler and easier.



History of the Comptroller's Office

FOR some years Thomas P. Kane, Deputy Comptroller of the Currency, has been engaged in writing reminiscences of his forty years of service in that department and the book will be brought out this fall by the BANKERS PUBLISHING COMPANY of New York, publishers of this magazine. The period covered by Mr. Kane was the real formative period of the national banks and their growth in number, size and importance during this time has been enormous. The whole subject is one of intense interest to bankers and to those interested in the financial development of the country.

The first chapter relates to the passage of the National Bank act and the necessities which led to its adoption. This is followed by a chapter on the organization of the Currency Bureau by McCulloch, the first Comptroller of the Currency, and twice subsequently Secretary of the Treasury. Then it takes up each succeeding administration of the office, commencing each chapter with the biography and portrait of the Comptroller, followed by all of the principal and interesting events of his administration.

It covers the history of all large and important national bank failures, embezzlements, defalcations, robberies, etc., such for instance as the Fidelity National Bank of Cincinnati, wrecking of the Oberlin National Bank by the cel-

ebrated Cassie L. Chadwick by use of notes bearing the forged signature of Andrew Carnegie, with photostat copies of the notes and fictitious agreements. The story of the failure of the Chicago National Bank and the trial, conviction, imprisonment and death of John R. Walsh is related in detail, as well as the Bigelow defalcation of \$1,000,000 and the Alvord defalcation of \$700,000, the Riggs National Bank controversy, the failure of the Marine National Bank, and of Grant and Ward, the great fires in Chicago, San Francisco and Baltimore, and the resulting banking property losses, the several bank panics that have occurred during the period indicated and their causes and effects, and many other matters of a similar interesting and varied nature.

The last chapter of the manuscript is devoted to a discussion of the proposition to abolish the office of the Comptroller and merge the bureau with the Federal Reserve Board. This proposition contemplates also the transfer of the supervision of the national bank examiners to the Federal Reserve banks, both of which propositions are discussed in detail, and obvious reasons are stated why this should not be done. The book contains no tables or statistical matter. It is purely a compilation, in narrative form, of interesting and important events.



WALTER W. HEAD

President Omaha National Bank, Omaha, Nebr.

MR. HEAD began his banking career as cashier of the DeKalb State Bank, DeKalb, Missouri. He served as bank examiner of Missouri for two years, then became cashier and later vice-president of the American National Bank, St. Joseph, Missouri, which position he still holds. In May, 1917, he was made senior vice-president of the Omaha National Bank and in January, 1920, became its president. He is also the active head of the two affiliated institutions—the Omaha Trust Company and the Omaha Safe Deposit Company—the former organized in 1919 under his personal supervision.

Mr. Head is now serving as second vice-president of the American Bankers Association, is a director of the Reserve City Bankers Association, a member of the National Executive Board of the Boy Scouts of America, a member of the International Committee of the Young Men's Christian Association, and chairman of the executive committee of the Omaha Chamber of Commerce.

The War Finance Corporation and Agricultural Finance

By Eugene Meyer, Jr.

Managing Director

THE acute experience of the past two years has made clear to all that agriculture is the keystone of our whole economic and business structure. When the farmer and the stockman are in serious difficulty, when they are unable to go ahead with their operations and maintain their buying power, all business shares in the consequent blighting stagnation and general distress. The recent period of depression, which crippled agriculture first and spread throughout the nation, has brought this point home to bankers, manufacturers and business men in every part of the country and has forced a greater realization of the dependence of all industry on the stability of agriculture.

We are coming out of a difficult situation with unparallel speed. The farmer today is more encouraged than he has been for a long time, because with better markets and with better prices for his products he can see the light ahead. And his increased buying power is making itself felt in a healthier tone throughout the business world. The restoration of agricultural prosperity means the sure return of a full volume of business, which in turn means the restoration of prosperity to banks, railroads, factories and other lines of economic activity.

CREATION OF THE WAR FINANCE CORPORATION

The farmer needs to be given time, through proper methods of financing, to dispose of his products in an orderly manner. This is the purpose of the most important feature of the emergency work of the War Finance Corporation, the financing of agricultural commodities for the longer period of

marketing that present conditions, domestic and international, make necessary.

The War Finance Corporation, as its name implies, was created during the war. The Government, at that time, was commandeering much of the ready capital of the country. Through Liberty loans and other means it was taking up money that might otherwise have been invested in business, and many essential industries faced possible difficulty in adjusting themselves to the augmented demands of the war and changed conditions. So the War Finance Corporation was established to assist those industries that were necessary to the prosecution of the war. It was empowered to make advances to banks, bankers, and trust companies that had rendered financial help to such industries, and, in exceptional circumstances, to make advances direct to the industries themselves.

After the armistice it seemed wise to convert the Corporation from a war financing organization into a reconstruction agency. During the war our exports had been financed largely by United States government loans. These had to cease, and it was necessary to create some kind of agency to take their place and continue the flow of exports. The Congress therefore passed an amendment to the War Finance Corporation Act, giving the Corporation ample authority and funds to make advances to American exporters, and to American banks financing such exporters, who chose to extend long-term credits to foreign buyers. Under this authority the Corporation made large advances to assist in financing the exportation of agricultural and manufactured commodities, and had a considerable volume of business before it when its operations were suspended in May,

1920, at the request of the then Secretary of the Treasury.

When the collapse in commodity prices occurred, the question of our exports again became a matter of general interest and Congress adopted a joint resolution, in January, 1921, directing that the export activity of the Corporation be resumed.

FINANCING COTTON FOR EXPORT

As raw cotton is ordinarily our greatest agricultural export product, the attention of the Corporation was first directed to this important factor in the problem. But a peculiar situation was encountered. Not only did European buyers lack the funds to buy the bulk of their year's supply shortly after the harvest, as had been their custom in the past, but they were unwilling to do so because of the fluctuations in exchange. They preferred to take the chance of having to pay higher prices later on for a portion of their needs rather than to take the risk involved in buying ahead, in large quantities, cotton that would have to be paid for in American dollars and sold in terms of European currency. So they changed their method and adopted the policy of buying more or less on a "hand to mouth" basis, spreading their purchases over a longer period. This meant that approximately 1,500,000 to 2,000,000 bales of cotton that ordinarily would have been exported in the first six months of the cotton year had to be carried over into the second six months and financed and stored during that time. The burden of carrying this cotton was thus transferred from the European buyer and financier to the American grower and his bank. But they were not equipped to meet the emergency, because they had depended largely on others to take care of the time element in marketing the crop and had developed no adequate machinery for taking care of it themselves when changed conditions made it necessary to do so.

Some advances were made by the War Finance Corporation to finance the movement of cotton to foreign warehouses, there to be sold for cash to

foreign buyers as it was needed, and approximately 250,000 bales were exported under this plan. But it became more and more apparent that a method would have to be devised for financing the carrying of cotton on this side of the water, and, early in July, 1921, the corporation found that the large coöperative marketing associations offered a channel through which it could deal with the situation in an effective manner and on a broad scale.

The announcement of a plan for financing 100,000 bales through a coöperative marketing association in Mississippi—the first large transaction—had a favorable effect all through the cotton growing states. The Corporation followed this with similar announcements involving 200,000 bales in Oklahoma, 300,000 in Texas, and a considerable quantity in Arizona. In all, the Corporation agreed to finance, both through coöperative associations and banking institutions in the South, well over a 1,000,000 bales, and demonstrated at the same time its ability to finance such additional amounts as might be necessary. Its loans, though they might not be considered very great in proportion to the total value of the crop, were a decisive factor in bringing about the improvement in the cotton situation. They reached the vital spots and supplied that element which is most necessary in business—the element of confidence. Business men saw that the bottom would not drop out of the market, the mills were no longer afraid to carry stocks, many southern banks and financing organizations, encouraged by what the Corporation had agreed to do, increased their loans on cotton, and the whole business outlook in the cotton growing states was changed.

OTHER COMMODITIES FINANCED FOR EXPORT

Although attention was concentrated on cotton in the beginning, other agricultural products were not neglected. Large advances were authorized by the Corporation to aid in the financing for export of such commodities as wheat, dried fruits, tobacco, condensed milk,

and meat products. A limited number of applications involving the exportation of manufactured products, such as railroad equipment, copper and sugar mill machinery, also were approved.

LOANS FOR AGRICULTURAL PURPOSES AUTHORIZED

While the export financing operations of the Corporation were of both particular and general benefit, it became increasingly clear that further assistance was needed to help the agricultural industry over the emergency. The difficulties of the live stock industry were becoming more and more acute. Stockmen were unable to obtain funds to carry them over the emergency and immature stock and breeding herds were being sent to the block. Difficulty in meeting financial obligations, slow markets, and low prices were typical throughout all branches of the agricultural and live stock industries. The Congress, therefore, in August, 1921, by the passage of the Agricultural Credits Act, extended the powers of the Corporation and gave it authority to make advances to banking and financing institutions and to cooperative marketing associations for any purpose connected with the growing, harvesting, preparation for market, and marketing of agricultural products, or the breeding, raising, fattening, and marketing of live stock. The maximum amount of loans that might be outstanding at any one time for both agricultural and export purposes was fixed at \$1,000,000,000.

AN AUXILIARY BANKING SYSTEM

The Agricultural Credits Act was an emergency measure, and prompt action was needed to get help to the agricultural districts before disaster should overtake them. While the necessary forms, circulars and other papers were being prepared and sent out from Washington to all the country, and while the organization was being developed at the Capital for handling the large volume of business that was foreseen, steps were being taken to build up as rapidly as possible, an auxiliary banking system reaching to all parts of the union.



EUGENE MEYER, JR.
Managing director War Finance Corporation

Farmers, business men, bankers, all realized that something had to be done without delay to put agriculture on its feet. So, recourse was had to the methods which had proved successful in war times, and an appeal was made to the spirit of public service. The response was immediate, public spirited men were found in all parts of the country ready and willing to give their services to facilitate the work. As soon as the members could be chosen, committees composed of bankers, business men and others, serving without pay, were organized in the live stock country, in the Corn Belt, in the wheat and cotton states, and in every other important producing region in the United States. Each committee promptly established headquarters in the place that is normally the financial and trade center of the surrounding territory, and undertook not only to inform banks, bankers, loan companies, farmers, and business men of the facilities offered by the Corporation, but also to receive ap-

plications for advances, examine collateral, and make recommendations to the board of directors.

LOANS IN LARGE AND INCREASING VOLUME

In less than two months after the passage of the Agricultural Credits Act, this auxiliary banking system was established and in working order, large numbers of banking institutions through the country had become familiar with the powers and purposes of the Corporation, the board of directors was passing daily on increasing numbers of loans, and the flow of credit to the farmers was rapidly gaining momentum. The next month—November—790 loans were approved, involving approximately \$39,000,000. The volume of business continued to grow until by the latter part of April the advances authorized for agricultural and live stock purposes amounted to nearly \$292,000,000—\$233,000,000 to banking and financing institutions and \$58,500,000 to coöperative associations. In addition, the advances authorized for export purposes aggregated \$50,250,000, making a grand total of approximately \$342,500,000. These transactions were distributed over at least thirty-seven states, from Alabama and Texas on the Gulf to Montana on the Canadian line, and from Georgia, the Carolinas and Virginia on the Atlantic to California and Washington on the Pacific, with the great producing states of the Mississippi Valley heavily represented.

NEW LIVE STOCK LOAN COMPANIES

An important result of the work of the War Finance Corporation has been the formation of a number of new live stock loan companies, each with substantial capital subscribed by local business men, bankers and stockmen. The capital of these new companies, all of which has been subscribed during the past six months, exceeds in the aggregate the total amount of capital invested in all live stock loan companies that existed prior to October 1, 1921. And whereas most of the capital of the former companies was concentrated in a

few places—principally in Chicago, Kansas City, and Omaha—the new companies are largely owned and managed locally in the various live stock growing states. These institutions will not only serve present emergency needs but they should add to the permanent structure of live stock financing for all time. Through them, as well as through other financing organizations, the War Finance Corporation has made loans aggregating approximately \$73,000,000 for live stock purposes.

IMPROVEMENT IN CREDIT AND AGRICULTURAL CONDITIONS

In the course of a recent trip through the West, I found that credit conditions everywhere are improving. The work of the War Finance Corporation in enabling the smaller country banks to carry their farmer customers for a longer period was reported to be a vital factor in restoring confidence and in stopping the forced liquidation that prevailed at the time of the passage of the Agricultural Credits Act. It was reported also that the new loans made by banks which had borrowed from the Corporation had found their way to points where relief was most urgently needed. Funds are accumulating in the Western banking centers and these centers appear, in general, to be adequately taking care of the needs of the farmers in connection with their planting operations. There is a noteworthy increase in the demand for farm mortgages on the part of private investors, savings banks, life insurance companies, and similar investment institutions. This, to a considerable extent, is making possible the liquidation of indebtedness heretofore held as frozen loans by local banks.

Six months ago there was a state of demoralization everywhere, among all classes of agricultural producers. Farmers and stockmen generally were discouraged. They were in acute distress and they could not see the way out. Breeding herds were being sacrificed on a wholesale scale. Immature stock was being sent to the block. Corn was selling around twenty cents at country elevator points, with practically no de-

mand for it even at that low figure; and a similar situation existed with reference to other agricultural commodities. Banks were in a dangerously over-extended condition, loans could not be collected and deposits were being withdrawn.

A great change has been wrought in six months. Discouragement and despair have given way to confidence and hope. The degree and the rate of improvement in the different sections vary with the nature of the agricultural activities and the marketing season. The corn and hog raisers of the Middle West, for instance, are marketing their products and getting a fair return for them every day. This territory, therefore, is in the lead in the improvement. The sheep raisers are getting good prices for their wool this spring and fat lambs are in demand at satisfactory prices. Those engaged in the fattening of cattle in the Middle West have likewise done well during the past few months. The live stock breeders, also, are better off because of their increased ability to finance their business and because of the improved market at higher prices, actual and prospective, for young stock. The grain growers of the Northwest, on the other hand, have not made as much progress as yet, because a large part of last year's wheat crop was marketed at low prices. Further improvement will come this year if a fair crop grown at a lower cost than during recent years can be sold at prices remunerative to the grower, which will be the case if the present good prospects continue.

Moisture conditions, which are so important at this time of the year, were reported to be highly satisfactory. So far as I was able to determine, there is no extended area which has not had sufficient moisture, and this is true even in those sections which have suffered frequently from drought. The outlook at the present time, therefore, appears to be one of unusual promise.

REDISCOUNTS FOR COUNTRY BANKS

Clearly many of the advances authorized by the Corporation were made necessary by the unique conditions pro-

duced by the collapse of a wartime inflation. These conditions must be regarded as exceptional and their recurrence need not be anticipated.

The experience of the past year has, however, revealed certain defects in our agricultural credits system which are of a more fundamental nature, and which cannot be remedied by temporary measures. In considering whether and to what extent the powers of the War Finance Corporation should be extended beyond their present limit of July 1, 1922, and what if any new legislation may be required, it is important to distinguish clearly those features of the recent agricultural crisis due to a temporary emergency and yielding to temporary measures of relief, and those revealing defects that require permanent remedies.

An adequate rediscount facility for country banks is a real need, although the problem is being magnified at the present time. It must be understood that most of the banking of the country always has been done and always will be done with funds which constitute the banking capital, surplus, and deposits of the financial institutions of the country, supplemented by the flow of investment funds continuously available. It may be safely stated that the rediscounts furnished to country banks by city bank correspondents are very much larger in volume than those furnished by the entire Federal Reserve System.

The market collapse in 1920-21 left the country banks in an over-extended financial condition. At the beginning of that period, the bank deposits were large and loans in proportion. As markets and prices collapsed, deposits were greatly reduced without a proportionate reduction in loans. The present movement is toward an increase in deposits in many of the agricultural sections and a reduction in loans. When loans have been reduced and deposits have increased, the need of the small country banks for rediscount facilities, over and above those provided by their city correspondents, will have been materially curtailed and perhaps largely eliminated. In other words, the need for this

part of the work of the War Finance Corporation is largely temporary.

SUGGESTIONS FOR IMPROVING AGRICULTURAL AND LIVE STOCK FINANCING

In reporting to the President after my trip through the West, I made several suggestions looking to the improvement of the banking situation in the agricultural districts and the development of more adequate facilities for agricultural and live stock financing. These suggestions are based not only on the result of my investigation but on the experience of the War Finance Corporation in its efforts to assist the farmers and stockmen during the period of depression from which we are now emerging.

The state non-member banks having adequate capital and proper management should be encouraged to enter the Federal Reserve System (only 1595 out of 11,235 state banks and trust companies eligible for membership have joined so far). Furthermore, the minimum capital required for admission to the System, in my opinion, should be reduced—the admission, in such cases, to be conditioned upon an undertaking to increase the capital to the present minimum of \$25,000 within a definite time. The fact that a very large percentage of the applicants for the emergency assistance of the War Finance Corporation were non-member banks indicates that the members of the Federal Reserve System have had an advantage in the situation.

LIVE STOCK INDUSTRY NOT PROPERLY FINANCED

The live stock industry constitutes one of our great basic activities and involves a turn-over of an enormous aggregate, but, in my opinion, it has never been properly financed from two points of view.

In the first place, the financing has not been timed to the requirements of the turn-over. The business of fattening live stock, which involves a turn-over of six months, more or less, can easily be taken care of by existing

machinery. But the longer time requirements of the live stock breeding industry, involving a turn-over of about three years, have been financed through loan companies; which, selling their paper for a maximum of six months, have been compelled to limit their loans to a similar period. A six months' loan to the owner of a breeding herd, with no assurance of extension, is a hardship to the industry and cannot fail to exercise a discouraging influence.

In the second place, there is need for a radical revision in the methods of handling the supervision and inspection of live stock loans. The ability of the industry to obtain adequate financing at reasonable rates must depend upon the elimination of some of the unnecessary hazards which have characterized the conduct of the business in the past.

After a thorough study of the problem, I have suggested the enactment of legislation specifically authorizing the organization of institutions to rediscount the paper of live stock loan companies. These institutions, of course, should be related to the existing financial structure and made an adjunct thereto; and, as a condition precedent to their functioning, a system for the more adequate supervision and inspection of the live stock which furnishes security for the paper should be devised and put into operation. The importance of this matter in any plan for live stock financing cannot be over-emphasized. With such institutions and with a satisfactory system of inspection and supervision, I believe that capital in adequate amounts and upon reasonable terms may be looked for by the stockmen of our vast western country.

MACHINERY SHOULD BE PROVIDED FOR FINANCING ORDERLY MARKETING

Our financial system has apparently been based on the expectation that the farmer would sell his crops as soon as they matured. And the immediate sale of the season's product by the farmer contemplated its being carried by middlemen until distributed through manufacturers or retailers. As has been stated so often, the farmer's crop is

harvested within a short period and consumed throughout the year. The processes of financing should adjust themselves to the natural processes of production and distribution rather than vice versa. We have reached the point where the need for the orderly marketing of our agricultural products in a more gradual way and over a longer period of time must be frankly recognized, and the necessary financing machinery provided. Existing banking laws and regulations should be adjusted with this end in view, and a rediscount facility should be established to make it possible at all times for coöperative marketing organizations to obtain adequate funds for their operations.



War Finance Corporation

The readers of the above article will be interested in the operations of the War Finance Corporation from January 4, 1921, to and including April 29, 1922, given below:

- I. Advances to assist in financing exports under sections 21, 22 and 24 (Par. 2) approved from January, 1921, to April 29, 1922, inclusive (1).

COMMODITY	AMOUNT
Grain	\$ 5,209,810.69
Tobacco	3,596,369.77
Cotton	33,572,373.21
Canned fruits	400,000.00
Meat products	1,000,000.00
Condensed milk	1,000,000.00
Textile products	250,000.00
Sheet steel	180,000.00
Copper	145,600.00
Sugar-mill machinery	470,966.36
Agricultural machinery	500,000.00
Railroad equipment	2,925,000.00
Lumber	1,000,000.00
Total	\$50,250,120.03 (2)

- (1) Section 21 was added to the original War Finance Corporation Act by the Act of March 3, 1919, and sections 22 and 24 by the Agricultural Credits Act of August 24, 1921.

- (2) Does not include advances aggregating \$27,387,816.10 originally applied for and approved under section 21 for export purposes, and subsequently withdrawn by the applicants and resubmitted and

approved as advances for agricultural purposes under section 24.

- (2) Of the total amount \$37,573,650.26 represents advances approved subsequent to August 24, 1921.

- II. Advances to banking and financing institutions and coöperative associations for "Agricultural and Live Stock Purposes," under section 24 (Par. 1) approved from August 24, 1921, to April 29, 1922, inclusive (3).

(A) By commodities

Cotton	\$ 23,504,200.52
Grain	21,290,189.31
Live stock	78,769,959.18
Sugar beets	9,996,000.00
Rice	2,500,000.00
Canned fruits	300,000.00
Dried fruits	1,250,000.00
Peanuts	1,132,103.00
Tobacco	10,000,000.00
General agricultural products	142,704,468.95

Total

(B) By states

(a) To banking and financing institutions.

Alabama	\$ 663,300.00
Arizona	3,317,500.00
Arkansas	453,500.00
California	2,387,671.28
Colorado	8,898,657.33
Florida	732,000.00
Georgia	6,189,434.88
Idaho	3,777,467.27
Illinois	6,530,873.14
Indiana	1,284,000.00
Iowa	23,698,687.49
Kansas	4,932,964.63
Kentucky	331,388.56
Louisiana	1,544,399.77
Michigan	85,000.00
Minnesota	12,155,049.26
Mississippi	1,437,838.19
Missouri	7,992,812.43
Montana	10,671,902.50
Nebraska	11,790,180.15
Nevada	248,000.00
New Mexico	7,907,677.69
New York	600,000.00
North Carolina	7,784,000.00
North Dakota	20,104,261.21
Ohio	1,393,806.00
Oklahoma	3,655,989.55
Oregon	5,162,190.64
South Carolina	10,031,759.25
South Dakota	15,083,284.50
Tennessee	3,362,227.11
Texas	21,268,095.64
Utah	11,299,221.00
Virginia	1,992,700.00
Washington	733,278.00
Wisconsin	5,379,500.00
Wyoming	8,044,084.38

Total

(b) To coöperative associations.

Alabama	\$ 100,000.00
Arizona	1,200,000.00
Arkansas	1,250,000.00
California	2,800,000.00
Idaho	962,355.66
Kentucky	10,000,000.00
Minnesota	15,000,000.00
Oklahoma	6,000,000.00
Tennessee	5,060,060.29
Texas	9,787,566.50
Virginia	1,034,403.00
Washington	5,327,833.65
Total	\$58,522,219.10 (4)

(3) Section 24 was added to the original War Finance Corporation Act by the Agricultural Credits Act of August 24, 1921.

(4) NOTE: This sum includes advances aggregating \$27,387,816.10 originally applied for and approved for export purposes (Under section 21) and subsequently withdrawn by the applicants and resubmitted and approved as advances for agricultural purposes under the Agricultural Credits Act of August 24, 1921, (section 24).

III. Summary of advances for export and agricultural purposes under sections 21, 22, and 24, approved and made from January 4, 1921, to April 29, 1922, inclusive.

To coöperative associations	\$ 63,784,403.00
To banking and financing institutions	268,946,929.10
To exporters	8,965,708.99
Total	\$341,697,040.99



Increasing a Bank's Loanable Funds

By J. G. Jaudon

Vice-President Oglethorpe Savings and Trust Company

I don't know how it may be in other towns, but here in Savannah, Georgia, we often find ourselves rather short of loanable funds. We handle a great many real estate loans, and so we worked out a plan whereby we could take care of practically all of these loans by getting loanable funds from outside.

To get these funds we created what we call a "Guaranteed six per cent. Trust Certificate." Each certificate contains ten coupons. Each coupon is used to represent the semi-annual interest on these certificates. The certificates are secured by what we call in Georgia, "a deed to secure debt."

Our appeal to the investor is worded as follows:

The Oglethorpe Savings and Trust Company proposes to invest your funds for you in real estate mortgages, taking what is commonly called in this state, "a deed to

secure debt," which will be in your name, by us as trustee, and there will be issued against this "deed to secure debt" or mortgage, a "Guaranteed six per cent. Trust Certificate" of the Oglethorpe Savings and Trust Company. This certificate may pass by delivery, and is negotiable at any bank in the United States. Therefore, if we invest your funds for you for any given time, you have a liquid security in hand upon which you can borrow money if necessary at lowest market rate of interest.

These certificates are so arranged that their transfer is as simple as ingenuity can devise. The Oglethorpe Savings and Trust Company will invest your surplus funds not only with safety, but with its guarantee that both principal and interest will be paid as they mature. Few investments with the same security pay such a high rate of interest. This class of investment should have no difficulty in attracting loanable money wherever it exists.

As you will see, the big attraction for the investor is the fact that both the principal and interest are guaranteed by our bank. In addition to our guarantee,

we hold in trust the deed to the real estate that fully secures the loan.

The plan has worked out splendidly. The first response we had to our publishing of this plan was a remittance of \$10,000 from a bank in Illinois. It was our belief that many banks throughout the United States would welcome a plan of this sort to invest their surplus funds. Of course the plan attracts not only bankers, but investors of all classes. Perhaps the guarantee feature is best brought out if you will read one of the coupons.

The printed matter on the coupons reads as follows:

On the..... day of.....
the Oglethorpe Savings and Trust Company
guarantees that the sum of.....dollars,
representing semi-annual interest on the
amount of the attached certificate, will be
paid to bearer at its banking house in
Savannah, Georgia, upon the detaching and
surrender of this coupon which forms a
part of six per cent. Guaranteed Trust Cer-
tificate No..... of the said Trust
Company.
The Oglethorpe Savings and Trust Company
By..... Cashier.

You will see that each coupon, as well as the certificate itself, is officially signed by an officer of the bank. I will quote here the full text of the certificate itself. It reads as follows:

The Oglethorpe Savings and Trust Company, a bank incorporated by an act of the general assembly of the State of Georgia, hereby certifies that for value received it holds as trustee for....., hereinafter called the beneficiary, to secure to said beneficiary the payment of.....dollars.....years after date with interest hereon from date at the rate of six per cent. per annum, payable semi-annually for.....years from date, at the banking house of the said company in the City of Savannah, Georgia, the following to wit:

A deed to secure debt mortgage and the evidence of indebtedness secured thereby for the principal sum of.....dollars with interest made by....., dated....., to the said Trust Company as trustee for said beneficiary, and covering the following real estate property in Savannah, Georgia, to wit:

The said deed and the said evidence of indebtedness shall be the property of the said beneficiary and be held by the said Trust Company as the agent of, and in trust for, said beneficiary for the payment of said sum first named, with the interest thereon, and will be kept separate from the said Trust

Company's property and be held and treated as trust property until the payment of all indebtedness represented thereby.

This certificate shall apply to all indebtedness secured by said deed mortgage, whether evidenced as aforesaid or by any other documents, the said Trust Company having the right to make such changes in the form and maturity of said indebtedness as it sees fit, and if said last named indebtedness be paid, to cancel said deed mortgage and hold the funds paid therefor in trust for the beneficiary.

The interest on this certificate is represented by coupons hereto attached, payable to bearer, and shall not be payable until the maturity and surrender of the coupons representing such interest. The said Trust Company does hereby guarantee unto the said beneficiary the payment of the said sum first named with interest thereon as stated time being of the essence of the contract.

It is agreed that the said Trust Company is to receive as consideration for its guarantee and also as compensation for acting as trustee in the premises, the difference between the interest stated in the said deed and the evidence of debt secured thereby and the interest guaranteed by this certificate, and the said Trust Company is absolutely entitled to such difference.

It is understood and agreed that during the continuance of this certificate the said Trust Company shall be entitled to retain the possession of said deed and the evidence of debt secured thereby or the proceeds thereof. Upon the surrender of this certificate at maturity, all the rights, title and interest of the said beneficiary in the said deed mortgage, the indebtedness secured thereby and the property therein described shall cease and determine without further act upon the part of the said beneficiary.

If this certificate or any coupon thereon be not presented at maturity, no interest on the indebtedness represented thereby shall accrue thereafter. This certificate with the coupons attached is assignable and transferable and the signature of the beneficiary endorsed hereon with delivery hereof, shall pass all the rights herein given the beneficiary to the holder hereof, and when such endorsement is in blank, this certificate with all rights herein given shall pass by delivery to bearer.

IN WITNESS WHEREOF, the Oglethorpe Savings and Trust Company has caused these presents to be signed and sealed in its name by the proper officers thereunto truly authorized this..... day of.....

The Oglethorpe Savings and Trust Company
By....., President
....., Cashier

I want to call your particular attention to the ease with which this docu-

ment may be transferred as to ownership. One of the difficulties we have found in getting additional loanable funds is that it is often difficult to persuade someone who has money, to invest it in some security that does not have a quick maturity. For example, when there is money from an estate to be deposited, very often the trustees do not like to invest this money because they fear that a demand may be made for all or part of it at some time previous to the maturity of the security. By making this certificate easily transferable, it becomes a quickly liquidable security and, bearing more interest than is usually paid for savings funds, it becomes a very attractive proposition either for estate managers or for anyone who has funds for short or long investment.

In order to make this new proposition attractive, and also in order to give non-residents a better idea as to the security backing these certificates, we issued a booklet, the title of which is "A Souvenir Booklet of Savannah, Georgia, and a Plan for Profitable Investment."

On the title-page of this booklet it reads as follows: "The object of these pages is to show the civic importance and the surpassing unrivalled commercial and social advantages of Savannah, Georgia."

The book is filled with pictures that show the commercial advantages and development of this community. In addition to the pictures, there are of course, numerous figures and statements of facts that make the community stand out in the mind of the prospective investor as a very desirable place from which to purchase securities.

I think another quotation from this book will give you a better idea of just how the plan was worked out. On one of the pages is the following:

While there is adequate money with which to operate business in this community, prevailing rates of interest in this section of the South are high and moneys for development are not sufficient.

Hence the Oglethorpe Savings and Trust Company is seeking through this plan to give you an opportunity to invest your funds with safety at better rates of interest than you can obtain at home and to furnish you

a profitable outlet for your idle money. The sterling and substantial character of the city must appeal to you, and with the same financial resources which favor the East and West, property values will greatly increase. The Oglethorpe Savings and Trust Company, therefore, in presenting this plan for investment does so unselfishly, with an eye single to the upbuilding of a greater Savannah.

On another page we have the following, which we believe, is what appeals to investors and what has made this plan such a splendid success for us:

The six per cent. Guarantee Trust Certificates of the Oglethorpe Savings and Trust Company have the following advantages:

1. The guarantee of the Oglethorpe Savings and Trust Company is back of every cent of your money, principal and interest, and return of both principal and interest is as sure as if invested in Government bonds.
2. No turn of the market, failure of any kind, or shrinkage in values diminishes your principal or interest one cent.
3. The security is given you in such form that it may be negotiated rapidly and without difficulty. It is a liquid security which you can borrow money upon from any bank at the lowest market rates of interest.
4. It is a satisfaction to investors to know that they not only have the guarantee of this substantial trust company, but also investment in property of unquestioned value, the value of which is passed upon by experts.
5. The institution issuing these certificates has a record of over thirty years of solid substantial growth and now stands twenty-first on honor roll of trust companies in the United States.
6. No other investment with the same security pays such a high rate of interest. Your money, which brings six per cent. is guaranteed from the moment we make the investment.

Concisely, the advantages are: Individuality, convertibility, security, integrity, and infallibility.

Not only have we secured a good many funds by sending these booklets to the various banks of the United States, but the Chambers of Commerce, both here and in other towns, have been instrumental in handing these booklets to interested people. Because of the fact that it gives a lot of valuable information and pictures regarding our town, it is made use of in a number of ways. And, of course, all of this is to our advantage.

The Country Bank's Substitute for "Exchange"

By F. B. Barrows

THE Federal Reserve Act contemplated the bringing of all the banks of the country into one great system. The task of unification has been a hard one. To bring under one measure the diverse elements of our banking system, has, it appears, entailed the use of Procrustean methods, and the banks subjected to forced remodeling have complained as loudly and bitterly as, doubtless, the unfortunate oversized and undersized travelers did in the process of being made to fit the bed of the fabulous Procrustes.

An example of such methods, many bankers would aver, has been the arbitrary abolition of exchange charges and the institution of country-wide par collection of checks. This innovation engendered the strenuous opposition of the country bankers and precipitated a controversy that has raged for several years.

ANALYSIS OF THE SUBJECT

The subject must be reduced to its simplest terms in order to permit adequate treatment in the space herein available. It will, therefore, be dealt with in this manner. The present methods of clearing and collecting checks will be described and compared with the methods which prevailed prior to the enactment of the Federal Reserve legislation. The much misunderstood matter of "exchange" will be analyzed. Then, with the essentials of the subject clearly in mind, some means will be pointed out whereby the country bankers and others who have so bitterly

assailed this legislation may be reconciled to the clearing methods of the new era it has initiated.

THE FEDERAL RESERVE METHODS OF CLEARING AND COLLECTION

The country is divided, under the Federal Reserve Act, into twelve districts. At the commercial and financial center of each district a Federal Reserve bank has been located. This bank acts as a bank for the banks of its territory. Each bank which joins the Federal Reserve System is required to keep its legal reserve in the vaults of the Federal Reserve bank of its district. The reserve is carried on the Federal Reserve bank's books as a non-interest bearing deposit to the credit of the member bank. In this fact lies the foundation of the collection

The increasing use of mineral oils killed the whale-oil industry, but how futile would have been the opposition of those engaged in whaling to the development of petroleum. The wise New Bedford interests withdrew their capital from whaling and put it into cotton manufacturing. The wise banker will see at once that a source of profit has been suddenly and permanently cut off. Instead of bemoaning it he will look for compensation either to new legitimate fields which have been opened up by the Federal Reserve legislation or to a more intensive development of his present field.

and clearing methods of the Federal Reserve System.

According to the Federal Reserve Act, "Any Federal Reserve bank may receive from any of its member banks deposits of . . . checks or drafts payable upon presentation, or solely for purposes of exchange or of collection, may receive from other Federal Reserve banks deposits of . . . checks and drafts payable upon presentation within its district." In practice this ruling works out as follows. Each member bank (and for the purposes of this section of the Act non-member banks which fulfill certain requirements may be treated as member banks) sends to its reserve bank all the checks drawn on other member banks which it

receives, and receives in turn from the Federal Reserve bank all the checks drawn on it which have come into the hands of other banks. The one offsets the other, and the reserve of the member bank is credited or debited according as the checks sent are greater in amount or less than those received. A member bank's reserve, in other words, may be built up by the checks and drafts it sends and the surplus thus created used to wipe off the debit of checks against itself coming through its Federal Reserve bank from other banks. The reserve is the medium through which checks are cleared. If the operation were followed a step farther it would be seen that the checks the reserve bank receives from a member bank have been sorted according to the district in which the drawee banks are located and that the Federal Reserve bank resends checks drawn on banks in other districts to the proper Federal Reserve Bank.

THE FEDERAL RESERVE'S FLOAT ACCOUNT,
RESERVE ACCOUNT AND ZONE
SYSTEM

It should be noted here that checks received by a Federal Reserve bank from its member banks are given "credit entry" only, that is, are credited to the float account, the account which represents checks in process of collection. The reserve account is not credited until the checks have had time to reach the drawee bank and remittance therefor made to its Federal Reserve bank. To reduce to an orderly and workable system the matter of passing the credit from the float to the reserve account the country has been divided into zones with respect to each Federal Reserve bank, the mail time from each Federal Reserve bank to every other and to its own members having been so averaged that an equitable division of all banking points of the country into five groups has been accomplished. These are, respectively, points of immediate credit, one-day, two-day, four-day, and eight-day points. A member bank in sending checks to its Federal Reserve bank,

makes out a schedule showing the total amount drawn on each of these five points, and from this can tell exactly when the proceeds of each batch of checks it sends become available as reserves. If the bank is a small one it will send out one letter a day to its Federal Reserve bank with all its items for clearing and collection, and receive one back with its own checks. In a large institution time is saved by sending checks drawn against other districts direct to the Federal Reserve bank of the proper district, notifying at the same time the Federal Reserve bank of its own district. As a matter of practical importance it is also to be noted that there are now twenty-one Federal Reserve branch banks and that these may be used like reserve banks for the purpose of check clearing and collection.

THE GOLD SETTLEMENT FUND

Each Federal Reserve bank, or branch, clears the country for its members. Checks drawn on banks within its district are cleared by a simple shifting of credit on its books, checks drawn on other districts are cleared through the Federal Reserve bank of the district against which they are drawn, the same bookkeeping transaction at that point accomplishing the clearing. As a result of this commerce in checks between the Federal Reserve banks themselves on account of the movements of checks among their respective member banks, they incur indebtedness against one another which must be settled. To accomplish this the Gold Settlement Fund has been established by the Federal Reserve Board at Washington. It operates in this manner. All of the Federal Reserve banks and branches are connected by leased wires with one another and with the Board. Each bank carries a deposit, part of its required gold reserve, to its credit on the Gold Settlement Fund account. At 10 o'clock each day the various reserve banks telegraph to the Board their credits for the other banks arising out of the transactions of the previous day, whence they are cleared on the books and each

bank is informed within an hour of its exact position. In 1918 over \$50,000,000 were thus transferred or cleared through this fund at a cost of something like 5/1000 of one per cent. No currency was shipped, no interest on money in transit sacrificed. The saving accomplished is apparent.

THE RELATION OF CLEARING HOUSES TO THE FEDERAL RESERVE SYSTEM

Though clearing houses are not directly a part of the Federal Reserve System, their relation to it and their place in a comprehensive national clearance system should be explained. City clearing-houses perform essentially the same service for the banks of a single city that the Federal Reserve banks do for those of their districts. It is a service distinct from anything offered by any other method and while of local importance only is an indispensable one. Country clearing-houses more nearly duplicate the work of the Federal banks. They are intermediate units between the city clearing-houses and the reserve banks, clearing for a territory larger than the former and smaller than the latter. They have been absorbed by the Federal Reserve banks in cases where they were situated in Federal Reserve cities, but there still remains a field open to them. Any city which is the trade center of a territory sufficiently large to have brought about a heavy commerce of checks between it and the territory tributary to it, is the proper place for the location of a country clearing-house, unless it has a Federal Reserve bank or branch performing the clearing for that section.

The Federal Reserve Board may at some future time elect to take over the work of both city and country clearing-houses, absorbing into its own organization such institutions as are located in the cities of Federal Reserve banks and branches, and organizing into a subsidiary system all other such institutions; but it seems more likely to expect that it will be content to supervise the clearing houses indirectly through control of the member banks.

THE CLEARING PRINCIPLE EXTENDED

The whole Federal System is based upon the clearing principle, a principle of fundamental importance in modern banking—that of offsetting debits against credits and settling only the difference. It is the outgrowth of a scientific comprehension of the principle, the crude realization of which probably gave us our first medium of exchange, a commodity universally acceptable with which to settle the difference resulting from a "clearing" by barter. The system is an organization of a series of clearing units of different size. Just as one bank "clears" for its depositors by passing credit from one to another on its books, so the city clearing-house clears for the city banks, the Federal Reserve banks for the banks of its district, the Gold Settlement Fund for the reserve banks of the country. The first involves clerks and bookkeepers only, the second, messengers; the third, the mails; the fourth, the telegraph. The sequence follows the order of human progress and invention. An international clearance fund has been proposed and when it comes we may expect daily "clearings" by wireless between the great cities of the world.

COLLECTION METHODS PRIOR TO 1914

But this is wandering from the issue. The methods of collection in the so-called "Dark Ages" before 1914, must be briefly outlined in order that a comparison of the two collection systems may be made. Collection and clearing was largely a matter of reserves then as it is now, but the reserves were scattered among several of a bank's correspondents, and the bank sent its checks to the reserve correspondent who could or would collect them the cheapest. At first it was the general practice for all banks to charge one another "exchange" for collecting or remitting for a check. It worked out in this manner, to cite an illustration from Cannon's book, "Clearing Houses". A New York bank received from a depositor a check drawn on a bank in Massillon, Ohio. It made the depositor a certain charge, called

"exchange" for collecting the check and sent it to its Cleveland correspondent. The Cleveland bank deducted its exchange charge and remitted the balance by a draft on its New York correspondent. Then it sent the check along to the Massillon bank on which it was drawn which in turn drew its check on Cleveland "less the usual charge for exchange in payment." After a time, however, large city banks in order to draw business bid for the reserves of country banks by offering to collect without charge all its checks. Such banks built up a clientele of small banks and drew checks in process of collection far out of their normal or logical course. For example, a certain New York City bank collected the whole state of Pennsylvania at par for its clients and received for this purpose volumes of checks from Pittsburgh and other cities in the state in which the checks were drawn.

The cities in which these banks that collected at par were located became known as "free cities" and through them passed enormous numbers of checks from large sections of the country. Of these checks, those the city bank could not readily collect it sent along to one of its correspondents, absorbing any exchange charge the latter might levy, and from this correspondent the checks might be sent to still another. No attention apparently was paid to distance, direction, or geography. Expediency routed every check. The roundabout journeyings of such checks became notorious and the useless handling of them a scandal. In the collection of the check described above from Cannon's book, four letters had to be written, two checks drawn, eight cents in stamps consumed, and seventy-five or more handlings made by a score of clerks in five banks located in three cities, and this he calls an average case.

DEFECTS OF THE SYSTEM

The glaring defects of this system were the economic waste due to "routing" and unnecessary handling, the insidious padding of "reserves", and the inflation of the float. "Routing" was

the sending of checks by a roundabout way to avoid exchange charges and it resulted in a very lax control being maintained over checks in process of collection, and was the cause of the other two evils mentioned. The padding of reserves came about through the fact that a bank could count as reserves a check as soon as it was mailed to its reserve correspondent. A country banker, consequently, would mail a batch of checks to his reserve city correspondent crediting his reserve account as soon as the letter was dispatched. The reserve city bank might in turn send the same checks to its central reserve city correspondent, crediting immediately its reserves. In that event, the same checks were being counted as reserves for two banks all the time they were in transit and hence actually available to neither. In regard to inflation of the float, since the size of the float is determined by the amount of checks times the days in transit, the addition of a few unnecessary days to the journey of a check created a subtle and dangerous expansion of credit.

THE MATTER OF EXCHANGE

Careful consideration of the use of the word "exchange" in the previous description will reveal that it means more than one thing. It may mean the charge made by the bank to the customer for collecting the check he deposits, or the charge made by one bank to another for handling that check at any stage along the line of its homeward progress, or yet it may mean the charge made by the bank upon which it is drawn for remitting payment for it to another bank. The Federal Reserve Act does not deny the right of member banks to charge exchange against other banks or against customers but, in the words of the Act, "no such charge shall be made against the Federal Reserve banks". However, since the Federal Reserve banks have absorbed every item of expense incident to the collection of checks, making available for members an absolutely free collection (barring the interest hold-out) of checks at par, a steadily increasing majority of checks is being collected

through the Federal Reserve banks, hence is being sent to the drawee banks direct from Federal Reserve banks, with the consequent elimination not only of exchange charges between the various banks which would have handled the check under the old system of collection, but also the charge of the remitting bank itself. So, while a bank may be permitted to charge any bank but the Federal Reserve banks, the course of checks is such as to have removed the possibility to a large extent of such charges. The status of the charge against the customer has not been affected, but unfortunately for the country banks their very position makes the exchange arising from the collection of checks for their depositors less remunerative than that coming from the collection of checks for out-of-town banks or from the payment of their own checks coming from a distance, because in the nature of business more checks are sent out of town by their depositors than are received from out of town by them.

THE POSITION OF THE COUNTRY BANKER

The country banker is losing a good fat income by the sudden cutting off of this source of remuneration. In the hearings which preceded the enactment of the Federal Reserve legislation, country bankers testified that there were many cases in which fully one-half their earnings came from such charges. To take away so great a proportion of a country bank's income is no mean matter. The country banks occupy an important place in the nation's banking system. They are in close contact with the farmer and small producer upon whom the country's future development so largely depends. They have increased greatly in numbers since the capitalization requirements were reduced in 1900, and with the broadening of their powers under the Federal Reserve Act their potency for good to the country has been vastly increased, and they should be assisted rather than repressed by the system under which the nation's banking forces are organized. As the par collection of checks through-

out the country seems inevitable and exchange charges as a source of profit to the country bankers a thing of the past, the matter of how the country banks may recoup themselves for their losses must be approached from a new angle. This leads to an analysis of the service performed by the check and by the banks involved in its collection.

THE BANK'S SERVICE TO THE DEPOSITOR

The check transfers funds or their equivalent, credit, to whatever point the drawer sends it. A hundred years ago it was not an uncommon thing for a merchant to make a trip carrying his bag of coin to settle an account. With the development of transportation this became unnecessary and the debtor more often shipped his gold or banknotes by express. With the progress in banking a better method was offered in the bank draft which he procured at a slight expense from his banker. The growth of the use of checks in time obviated the necessity even of the trip to the bank and the merchant simply drew his checks at his desk and dispatched them through the mails to any quarter of the country, leaving the rest of the transaction to be carried out by the banks involved. The saving to the merchant in time, labor, and interest is apparent. This saving has been made possible through the development of transportation, communication, and banking, but most of all, directly at least, through the last. It is bank credit that makes the daily transfer through the medium of checks of enormous sums of money throughout the country possible. Since the Federal Reserve System has been perfected money is seldom shipped anywhere to any degree in the settlement of domestic accounts. Exchange is on a new and higher plane. We have a sublimated currency in bank credit, a thing which is transferred with the speed of electricity over wires that connect bank with bank, a thing that to a large extent abolishes considerations of space and time in the transfer of purchasing power. This is exemplified in the daily clearing through the Gold Settlement Fund. But the important point to

recognize is that the depositor commandeers the use of bank credit and all this highly organized and intricate banking machinery whenever he draws a check and mails it out of his town or city.

If an individual invents an appliance to save labor and time he may patent it and draw remuneration in royalties from the savings secured by his device. A bank is in a similar position from the standpoint of justice. Each bank, as it were, holds a patent right to the use of this great and unique piece of machinery, the Federal Reserve System, and has a right to charge something by way of royalty for permitting the individual to use it. The merchant using his check accomplishes the same thing that the merchant of other days could only accomplish by either packing, insuring and shipping money or by going to the trouble and expense of purchasing of his banker a bank draft. Should he not be made to pay something for this service?

SHOULD THE DEPOSITOR PAY FOR THE BANK'S SERVICE

No one will deny that the depositor should pay for this service, and as a matter of fact he always has paid indirectly for it in increased cost of whatever he purchased with his check. Retailers doing a mail order business have demanded of him ten cents or more extra if he paid by check, wholesalers anticipating payment by checks have incorporated in the sale price of their goods a sum sufficient to cover the collection of the expected checks. The drawer of the checks, in other words, has paid the seller of the goods the cost of the service rendered by banking machinery. The seller at his end is charged by the bank in which he deposits the check for collecting it. Heretofore, every bank through whose hands the check passed on its way to the drawee bank would, or at least could, deduct a fee for handling, and finally if it came home to the drawee bank by mail that bank would deduct exchange. This exchange charge, it should be noted, was not al-

ways in the form of a direct deduction of a certain per cent. from the face value of the check. It might well be represented by a hold-out of interest on the money involved for a certain number of days, or the same remuneration obtained by the correspondent requiring the bank for which it was collecting to keep a certain free balance with it. The point is that some equivalent to "exchange" was charged by every bank which handled the check. Instead, then, of the drawer of the check paying his bank for the service it rendered, he paid the payee, the latter paid his bank, his bank paid one of its correspondents and that correspondent in turn paid the drawee bank itself. It was a case of "fire burn stick, stick beat dog, dog bite pig," to cite a classic example of indirect action, or "passing the buck". Economic forces which blindly molded banking and mercantile practices determined that the drawer of the check should pay his bank but in a manner so roundabout that he never knew he was paying it. The charge for the service to the depositor was just, the method by which he paid it is another matter.

THE BANK'S ARGUMENT

The question now is, can the depositor be inveigled into paying his banker directly, can the indirect tax previously collected by the bank through the chain connecting it with the payee be supplanted by a direct tax. The Federal Reserve legislation has put an end to the indirect method, the banker no longer has the opportunity to charge his correspondent. The drawer still pays the payee (in increased costs) and the payee his bank, but there the matter ends. Theoretically, the spread of par collection of checks will act reflexively to cut the price of goods to the drawer of the check. In that event, he will have had his funds transferred by the bank without cost to himself. Then he will be in a fit position to bear the brunt of a direct tax by the bank. This is theory. Practice is another matter. A direct tax always appears more burdensome than an indirect one.

A banker might reason with a depositor in this manner: "Under the present par collection methods the commercial and mercantile world is being saved millions of dollars annually, which has heretofore been paid into the banks in the form of exchange. This saving is reacting to decrease the cost of the goods you purchase. You are benefiting by the saving wrought by the new banking methods. Without our help, however, you could not avail yourself of these benefits. We cannot draw our compensation indirectly through the banking system itself as in the past. Is not our service worth a part of the saving you experience by means of it?" Whether his depositor would submit to a charge so reasonably defended is something for experience to determine. If he would, a direct service charge, up to the 1/10 of one per cent. allowed by the Federal Reserve law, might be levied on his checks returned to the bank from out of town. If this line of reasoning did not meet with the depositor's approval, the bank should resort to some indirect method of gaining the same end, such as raising the rate of interest on its loans, or decreasing the interest paid on deposits, or developing the use of the acceptance. The ingenuity of the country banker should be stimulated to find ways to compensate himself to a just and reasonable degree for exchange profits lost, and he should be urged to enter wholeheartedly into the spirit of the Federal Reserve System and to devote the energy now spent in combating the system in devising new ways of making money by means of it. The riots of the hand-loom workers in England and Scotland did not stay the introduction of textile machinery, nor the organized protests of the stage drivers prevent the extension of the railroads. The increasing use of mineral oils killed the whale-oil industry, but how futile would have been the opposition of those engaged in whaling to the development of petroleum. The wise New Bedford interests withdrew their capital from whaling and put it into cotton manufactories. The wise banker will see at once that a source of profit has

been suddenly and permanently cut off. Instead of bemoaning it he will look for compensation either to new legitimate fields which have been opened up by the Federal Reserve legislation or to a more intensive development of his present field.

THE EXCHANGE CHARGE OF THE COLLECTING BANK

The business of exchange should be viewed from the other end also. Granting that the remitting bank may justly charge in some manner its depositor for its service, what shall we say as to the exchange charges of the bank who collects the checks for the depositor? This point, as explained above, has not been affected by the Federal Reserve legislation, but in analyzing the service performed by the banks the fundamental justice of the charge should be shown. The collecting bank loses interest on the checks while they are being collected. As explained before, the bank receives credit according to a schedule of one, two, four, and eight day points. Until the telegraph is used to a greater extent than at present this practice will involve loss of interest on money represented by the float, which is for the country a sum of about \$500,000,000. While the cost of the labor, postage, wire charges involved in the collection of checks, greatly reduced through Federal Reserve mechanism, has finally been absorbed entirely by the Federal Reserve banks, the loss of interest on money in transit, a matter of some five or six thousand dollars a day for each Federal Reserve bank if pro-rated, could hardly be absorbed by them. Does it not seem just, then, that the interest on the float should be paid by the depositors who profit by the bank's work for them. The present minimum exchange charge required by the New York Clearing House rules represents an even charge of four and one-half per cent. on money while in the float.

To conclude, if, under the Federal Reserve System the matter of exchange were to be treated according to the program herein outlined, there would be two exchange charges on every check.

The drawer would pay his bank a certain sum for its service in transporting funds or credit for him, the payee would pay his bank interest on the money represented by the check for the period it took the bank to collect it. The incidence of both taxes would be definite, the amount would be determined by conditions prevailing at the respective cities of drawer and payee. The larger city banks will, probably always keep both charges at a minimum, absorbing the

costs for the benefits that will accrue in other ways, just as they maintain service departments at a loss. The country banker's charge will depend upon local competition or clearing-house regulation and regardless of whether it is a direct charge or an indirect one it can and should be made large enough to tide the banker over the difficult period when he is getting adjusted to the new methods and opportunities of the Federal Reserve System.



When Will Business Revive?

By Alexander Gilbert

The accompanying statement, prepared by Alexander Gilbert, now vice-chairman of the board of the Irving National Bank and former president of the New York Clearing-House Association, was published in *THE BANKERS MAGAZINE* for August, 1877. At that time the country was in the depression following the panic of 1873, and the views Mr. Gilbert then expressed are strikingly pertinent to our present situation.—EDITOR *BANKERS MAGAZINE*.

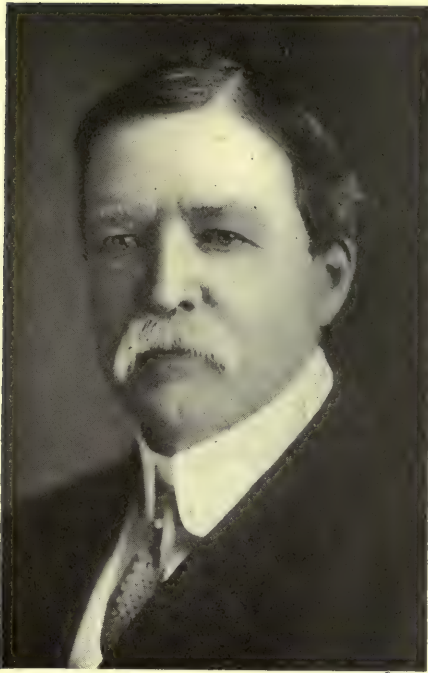
A REVIVAL of trade is what all business men are anxiously looking for, and what a large number are confidently expecting—but just how it is to be brought about very few are able to tell. To many a revival means a return to the activity experienced during the ten years previous to the panic; anything short of this, while it may be regarded as an improvement on the past two years, will not be quite satisfactory, so apt are men to think and judge comparatively. Just what influences are needed to bring back the old time prosperity is something which but few business men appreciate; the majority, knowing that times have been better, think they will be again, and so look for a quick return, but all who are so looking, must of necessity be disappointed. Activity in business depends mainly upon the ability of consumers to buy, and it is only by contemplating the enormous losses sustained in this country since the panic, through a shrinkage of values, and by business failures, that a just appreciation of the ability of our people in this direction can be reached.

Mr. Gilbert points out that the loss sustained by investors in a single rail-

road alone amounted to over \$30,000,000, and in all of the coal companies combined over \$100,000,000. He then continues as follows:

"And when the entire list of railroad and other securities throughout the country is taken into the calculation, the loss will reach an amount almost if not quite as large as the national debt. Add to this the losses sustained in other business enterprises, and it will be possible to form an idea of the extent to which the purchasing power of the nation has been weakened; and until this lost strength is in a measure restored, we cannot expect to see such a revival in business as will justify the hopes of our business men.

"It is urged by many able writers that all that is needed to set the wheels of industry in full motion is one abundant harvest; this will undoubtedly greatly improve the condition of things, but it cannot possibly produce the reaction that is looked for. The truth is, the business thought and habit of the nation has undergone a change; economy has taken the place of extravagance, every man who possesses a grain of common sense realizes now that pros-



ALEXANDER GILBERT
Vice-chairman of the board Irving National Bank,
New York

perity can only be attained by exercising the principles of frugality, and until this old-fashioned idea is again lost sight of, the tendency of the people of all classes will be to buy only those things actually needed and to save their surplus earnings; and the exercise of these principles by the whole nation at one time will operate as a strong retarding influence against a speedy return to our former business activity.

"True it is that a good harvest will put producers in possession of funds, and enable them to buy more freely, and will create an extra demand for labor; but then the difference between an average crop and what is termed a very good one is hardly of sufficient importance to serve as a panacea for all the ills that afflict us.

"The whole nation financially is sick and weak, exhausted, and a restoration can only be brought about by slow processes—there must be a return to first principles, a letting go of foolish notions of extravagance, of the desire to get rich in a day. Then there will fol-

low the disposition to earn what we get, to save what we earn, to pay our debts, and this will put us on a sure foundation upon which we may build with certainty; our growth from this point will be legitimate and healthy.

"Our people have learnt the lesson, and have already commenced to follow its teachings. We are on the mend, and from this time onward we may look for a gradual improvement; so slow as to be almost imperceptible at first, but it will come more and more prominently into view as time rolls on. We must be patient and wait; we are sowing the seed, and in due time we shall reap the harvest.



Getting Money Out of the Air

SUPPOSE that you are just starting out on that trip to Europe this summer. The big liner has left the Statue of Liberty far behind in its wake. Suddenly you find that in your haste to take care of all little details at the last moment before sailing you have carefully left your letter of credit behind at home or at the office—and you have just about enough ready money in your pockets to buy bird seed for a canary. Not a bright outlook for a pleasant trip is it?

But you've really no cause for worry. Just step into the branch bank of the big ship and send an urgent radio to the Farmers Loan and Trust Company. You'll have your money in time to feel at ease in the smoking room after dinner.

The Farmers Loan and Trust Company of New York has recently completed arrangements with the London Joint City and Midland Bank, Ltd., whereby wireless payments may be made at any time to passengers en route on board the Cunard liners *Mauretania*, *Aquitania*, and *Berengaria*. Through the branch banks on board, passengers may also order payments to persons in this country through the Farmers Loan and Trust Company.

This arrangement is believed to mark an innovation in banking methods on transatlantic liners.



HENRY P. DAVISON

Henry P. Davison

A GAIN by the death of Henry P. Davison, which occurred May 6, are we reminded of the great opportunities for service and the rich rewards afforded by the institutions of this country, and that these opportunities and rewards are not the special privilege of the few or fortunately born, but that they are for all with the industry, integrity and ability to lay hold of them.

Mr. Davison, country born, with the most modest beginnings, rose step by step to the very highest honors American banking has to bestow. His life was a great financial success; but it was more than that. It was rich in good work for mankind, and there can be no doubt that this is the part of his life that to him was most satisfying and by which he would wish to be remembered.

Henry Pomeroy Davison was born at Troy, Pa., June 13, 1867. He was of Scotch and Welsh descent and was the son of George B. and Henrietta Pomeroy Davison. He was graduated from high school at the age of fifteen, taught school for a time, and then, at the age of nineteen, entered his uncle's bank at Troy.

His first New York City employment was as a clerk in the Astor Place Bank, where he rose to the position of paying teller.

When the old Astor Place Bank became a branch of the Corn Exchange Bank Mr. Davison went to the Liberty National. He was made president of that institution in 1899, six years after he was first employed there. In 1902 he resigned to become vice-president of the First National Bank.

It was in 1907 that Mr. Davison first came into nation-wide prominence as a banker. During the panic of that year Mr. Davison worked with George W. Perkins, then a partner in the Morgan firm. The achievements of Mr. Davison at this time attracted the attention of J. Pierpont Morgan, the elder. The following year Mr. Davison was invited to become a member of the firm of J. P. Morgan & Co.

In 1908 Mr. Davison was selected by

the National Monetary Commission, appointed by Congress, as the expert who should make an investigation and report on the financial system of England, France and Germany. In 1915 he helped to negotiate the \$500,000,000 American loan to the Allies.

Mr. Davison soon after becoming a partner of the firm of J. P. Morgan & Co. was, with the exception of Mr. Morgan himself, the most important figure in the banking house. As the successor of Mr. Perkins he was called upon to solve many intricate problems arising from the gigantic operations of the house. One of his first triumphs after he joined the Morgan firm was the successful negotiation for American participation in the \$30,000,000 Chinese loan for the development of the Hankow-Szechuan Railroad.

In June, 1917, Mr. Davison became the head of the Red Cross War Council and for more than two years thereafter he gave all his time and attention to the cause of humanity. Under his direction more than \$275,000,000 was raised for the council during the first year.

Mr. Davison was a Knight of the Order of the Crown of Italy and a commander of the French Legion of Honor. He was trustee and treasurer of the American Museum of Natural History and treasurer of the National Institute of Social Sciences. His clubs included the Century, Metropolitan, Union League, University, Piping Rock, New York Yacht, Racquet and Tennis, Links, National Golf, Cosmopolitan, Jekyl Island and Nassau Country. The National Institute of Social Science gave him a gold medal for humanitarian work.

As chairman of the executive committee and a director of the Astor Trust Company, Bankers Trust Company and Liberty National Bank, as a director of the First National Bank, which has always been closely associated with J. P. Morgan & Co., and of the First Security Company, Mr. Davison wielded an influence in the financial world second only to that of J. Pierpont Morgan the elder.

The Problem of Unemployment and a Suggestion for Its Solution

By Oscar Newfang

In publishing this very interesting article by Mr. Newfang, *THE BANKERS MAGAZINE* wishes to remove any impression on the part of the reader that the views expressed are entirely similar to its own. While *THE BANKERS MAGAZINE* agrees with the author that unemployment is one of our most serious problems, it feels that Mr. Newfang's suggestion for Governmental limitation of the profits of capital is unwise. Large returns on capital investment are the rewards of great risks. If the possibility of such rewards is removed by legislation, capital for new enterprises will not be attracted and a serious impediment will be placed upon the industrial development of the country. Mr. Newfang admits that labor and management will be spurred on to greater activity through the possibility of greater returns in wages and salaries. Doesn't it also follow that capital must be stimulated by a similar promise?

In view of the seriousness of the problem *THE BANKERS MAGAZINE* believes that any plan of solution is worthy of the attention of all thinking men, and it is hoped that Mr. Newfang's article will provoke a discussion in the pages of the Magazine that will bring out some interesting phases of the problem.—*THE EDITOR*.

THERE are three main factors in the problem of unemployment as it exists in the United States. First, there is a normal balance between agricultural prices and the prices of manufactures, which enables a complete exchange to be made of the surplus products of the factories for the surplus products of the farms. Second, anything that disturbs this normal balance makes impossible this complete disposal of the output, and so causes unemployment. Third, the problem is, therefore, to find a method of preserving the normal balance, or of restoring it when disturbed.

Let us consider these three points in order. At the outset let me say that this discussion relates only to the unemployment problem as it exists in the United States. In the various countries of Europe the problem is greatly complicated by the vastly greater importance of foreign trade, by the debased and constantly fluctuating currencies of the various countries, by the changed channels of trade resulting from changed political boundaries, from political and racial jealousies, policies, etc. All of these factors, it is true, affect the United States also, but by no means in the same degree. While the whole world is an economic unit, this country is so large, and its products are so varied, that the problem of unemploy-

ment can be fairly considered as a domestic problem; and if this article is to be kept within a reasonable length, such allowances as must be made for the foreign trade factors must be left to the intelligence of the reader.

THE NORMAL BALANCE OF PRICES

Trade, in its broadest aspect, consists in the exchange of the surplus of the factories (above the consumption of manufactures by the manufacturing population) for the surplus of the farms (above the consumption of farm products by the farmers). In order to keep everybody fully employed, both in town and country, the entire surplus of manufactures must be exchangeable for the entire surplus of agricultural products. While townspeople also consume manufactures and farmers also consume farm products, it is the exchange of the remainder, or surplus, of these two classes of goods that determines the fluctuations of business and of employment. The price level which makes possible the full and complete disposal of the entire output of the factories and the entire output of the farms, and which thus affords complete employment for all labor in town and country, constitutes what may be called the normal balance of prices. Any disturbance of this balance results in a surplus of goods that cannot be

sold, and this causes unemployment; for it is impossible to continue for any length of time the production of goods that cannot be sold.

Disturbance of the normal balance of prices may result from many causes; but for the present let us consider only the causes that have actually in the past few years upset this nice adjustment, and so have caused widespread unemployment. The price-level disturbances of the recent war and post-war years fall into two classes, those which have raised the prices of manufactures, and those which have depressed the prices of agricultural products. It is a matter of common knowledge that the tremendous and totally abnormal demand for munitions, ordnance, equipment and ships during the war caused an enormous increase in the prices of all manufactured articles. Furthermore, the extraordinary demand for a labor supply largely curtailed by the withdrawal of the soldiers from productive labor caused a great increase in wages, and the economic force of labor unions has been exerted to retain this element of high costs and high prices of manufactures. It is also a matter of common knowledge, that the extreme poverty of European countries resulting from the war has, since the armistice, largely reduced their demand for agricultural products and that this has resulted in the fall of such prices practically to pre-war levels and sometimes below those figures. Agricultural prices are determined by competition in the world market, and they thus instantly follow the economic laws of supply and demand, without any artificial retarding by trade unionism or other causes. The resulting situation is that agricultural prices have fallen to a level which makes impossible the full exchange of the surplus manufactures of the United States for the surplus of the farm products. The prices of manufactures are being held up largely by the economic force of trade unionism at a level which makes the sale of the entire output of our factories impossible, and thus causes widespread unemployment.

These are the factors that enter into

the problem of unemployment. And the true solution must be a method of preserving the normal balance of prices, as outlined above, or of restoring it with the least possible friction and hardship to workers, business men and the public, whenever it has been disturbed.

In considering this problem the first observation I wish to make is, that the adjustment in price levels necessary to preserve or to restore the normal balance must be made largely in the prices of manufactures; for the reason that this country is normally an exporter of farm products, and their prices are fixed by world competition. For the same reason agricultural prices cannot be raised or lowered by tariffs. They could, it is true, be influenced by a system of bonuses or subsidies on exports, but this has always been considered impractical and unwise by economists and statesmen in this country.

The necessary adjustment of prices is at present made by the crude method of strikes to raise wage and price levels, and lockouts to lower them. These are appeals to brute force, not to reason. Incidentally, each adjustment made by these methods involves a large loss of wages and profits, a large amount of unemployment, and frequently widespread distress to the general public. Furthermore, the strike and lockout method of adjustments alters conditions by sudden jolts and jerks that rack the entire business structure and unsettle business throughout the country.

A SLIDING SCALE OF WAGES AND PRICES

The true solution of the unemployment problem, in my opinion, lies in a sliding scale of wages and prices which will at all times preserve the balance between manufacturing prices and agricultural prices, will at all times enable a complete exchange to be made of the surplus output of the factories for the surplus output of the farms, and will thus keep both town and country workers fully employed. Let me first state the kind of sliding scale that I would suggest and point out its tendency to minimize unemployment, and then I will

attempt to answer objections that may be raised to the plan.

The wages of the workers should rise or fall with the profits of the business in which they are engaged. Apply this statement to a single individual in business for himself, and it is a truism. His income will, of course, vary with the profits of his business. The only source from which his income is derived consists of those profits. Likewise, the only source of the wages of a large number of workers in a great industry consists of the profits of that industry, and if the industry is to be kept in continuous operation and unemployment avoided, wages must be within the profits of the industry. And in order to give the workers, (brain workers as well as brawn workers, management as well as labor) the full social value of their work, all of the profits of an industry except a fair dividend upon the actual capital employed should be given the workers in salaries and wages. In order to accomplish this smoothly, each worker should have a moderate drawing account, but his final earnings should be determined by the profit shown by the industry at the end of each year. These surplus profits (above a fair dividend upon the capital) should be paid to the workers in weekly or monthly installments during the following year.

How would this plan minimize unemployment? It would give the management sufficient leeway in raising or lowering prices to enable them at all times to dispose of the whole output of the industry, and so keep all of the workers continuously employed. It is well known that the demand for almost all goods increases as the price is reduced, and the management could find the level of prices which would absorb the whole output, without reaching a dead-line of manufacturing costs.

It may be said that while this plan might provide continuous employment it would be at extremely low wages, as the management would have no motive for seeking to sell at high prices. This, however, would not be the result; for the final earnings of the management, as well as those of the workers, would

depend upon the profit of the business. To be a little more explicit, let us suppose that half the workers' present wages and half the present salaries of the management is paid them as a drawing account, and the other half is dependent upon its being earned by the industry. Would not the management have precisely as powerful a motive as the workers to work for a substantial year's profit? And would not both brain workers and brawn workers have an additional motive for loyal and earnest effort in the knowledge that, whatever the business earned over and above a fair dividend on the capital would be theirs? They would all feel that they were getting all that they earned.

A further objection may be made, that excessive dividends on watered stock would give an unduly large part of the earnings to the capitalists, and the workers would be simply working hard to provide dividends upon fictitious capital. This is a valid objection and would have to be met by public regulation of capital issues, in order to see that they represented actual cash values and nothing else.

Again, it will be said that the sliding scale has been tried and found wanting. Where a sliding scale has been tried, it has usually been based on the selling price of the goods, and not on the profits of the business. While this principle works out fairly well in a line of business such as mining, where labor is the principal ingredient in the selling price of the goods, it is not a fair measure of labor value in cases where the prices of the various raw materials constitute the principal part of the selling price, as, for instance, in the building industries, in the needle industries, etc. In these industries a sliding scale based solely upon selling prices frequently works injustice upon the worker.

The sliding scale of wages has also been tried in the form of bonus payments and profit sharing. While these plans may be worked out satisfactorily to all concerned, the objection of organized labor (and it is a valid objection) to these schemes is, that employers have set aside only a very small per-

centage of the surplus earnings above a fair dividend for distribution among the workers, "throwing them a sop" to keep them quiet, as Mr. Gompers puts it.

It is admitted, that the plan for minimizing unemployment here outlined could hardly be carried out without na-

tional legislation; first, to determine fair capitalization and fair dividend rates; secondly, to determine the facts as to the amount of excess profits properly divisible among the workers; and, thirdly, to give full publicity to the results of business operations.



Facts Worth Knowing About Women Savers

By Selma Eversole

In the following article the author has made for the benefit of the bank publicity manager an analysis of the occupations, ages and balances of 2000 self-supporting women depositors in four mutual savings banks. Although these facts are based on Boston conditions, they should be valuable to banks in all parts of the country who are doing a savings account business. They show what classes of women workers are most susceptible to the savings appeal and those whose accounts are most valuable to the bank.—THE EDITOR.

DOMESTIC servants make up the largest group of women who deposit their own earnings in four of Boston's savings banks. This was found after tabulating data from the account cards of 2000 self-supporting women. In order to obtain a fairly typical group of women, data were obtained from two banks in the business section and two in residence districts. Of the latter, one was among wage-earning foreigners, such as Irish, Poles, Russians and Lithuanians; one in a fashionable suburb. Thus were included depositors who use the banks near their work at noon, and those who use banks near their homes in the early morning or evening. Five hundred accounts were selected from each bank. A bank clerk read the occupations and ages from the signature cards, and the balances to date from the ledger cards. No accounts were considered but those of women apparently self-supporting. All data were obtained during the last ten days in November, 1921.

OCCUPATIONAL DISTRIBUTION

Domestic servants, cooks, waitresses, laundresses, manicurists, hair-dressers and others were classed as "domestic and personal servants." About 31 per cent. of the 2000 women depositors were in this group. However, the class fell short of what might be expected, since the Federal census for 1910 reported them to be about 37 per cent. of the gainfully employed women in Boston. They are desirable clients because, having regular earnings and being usually provided with food and shelter, they may have more money than is needed for immediate use.

The percentage of clerical workers among the women depositors was almost double their quota among gainfully employed women in the city; they evidently appreciated the advantages offered by savings banks. They, like domestics, have relatively steady work. But their balances were not so high; 75 per cent. held accounts less than or equal to \$200, while the balances of only 57 per cent. of those in domestic and personal service fell so low.

Professional women and those in

manufacturing and mechanical industries were about equally represented among the 2000 women. Professional women exceeded their quota, but that of women in manufacturing and mechanical industries was about three-fifths filled. The reasons for this last fact are: (1) Many women factory workers, who compose most of the group, recently may have been unemployed. The banks stated that their de-

Lawrence, Lowell and Fall River, this does not apply because most of their gainfully employed women are factory workers.

Teachers constituted the largest group of professional women. Twenty-five per cent. of a sample group of Massachusetts teachers investigated* in 1920 had savings bank accounts. Not only are teachers desirable depositors, but the bank in directing an active cam-

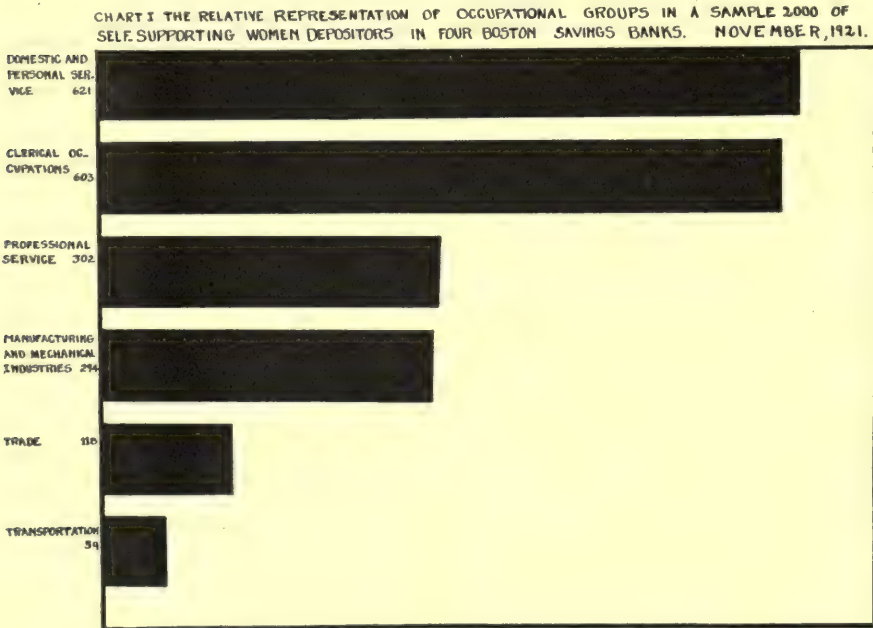


Chart I

posits have been withdrawn in whole or in part during 1921. (2) A study made in the research department this year, dealing with women policyholders in Massachusetts savings bank life insurance disclosed factory workers to be about one-third of all women investors. This was due to the systematic educational work of insurance agents. Similar action by savings banks might bring returns, but since the banks permit withdrawal of deposits at will, factory operatives with seasonal unemployment may prove to be less desirable patrons. Nevertheless, in factory towns such as

paign among them would be doing a worthy public service in impressing the preceptors of the children of Massachusetts with the value, the necessity and the pleasure of being thrifty.

The quota in the trade group was but little over half filled. This discrepancy was due to the failure of saleswomen to patronize the bank, which failure may be explained by the seasonal variations in employment. The transportation

* Old Age Support of Women Teachers, Women's Educational and Industrial Union, Boston, page 35.

group contains chiefly telephone operators.

AGE DISTRIBUTION

Young women were found to be most numerous among the 2000 women depositors. The largest single five-year group was of women from 21-25; and 1058 of them were thirty or younger. The gainfully employed women of Boston in 1910 were divided into the following age groups: 16-20 years, 19 per

of the 2000 were over \$400. The most frequent balance was \$200. The time periods between which these accounts were opened varied; but over one-half were opened in 1921. This may account partially for the small size of the balances.

Women in domestic and personal service had the largest balances; they exceeded all other groups in every specified balance class over fifty dollars, until the \$2000 class is reached. Here

CHART II THE DISTRIBUTION OF BALANCES OF 2000 SELF-SUPPORTING WOMEN HAVING ACCOUNTS IN FOUR BOSTON SAVINGS BANKS NOVEMBER, 1921.

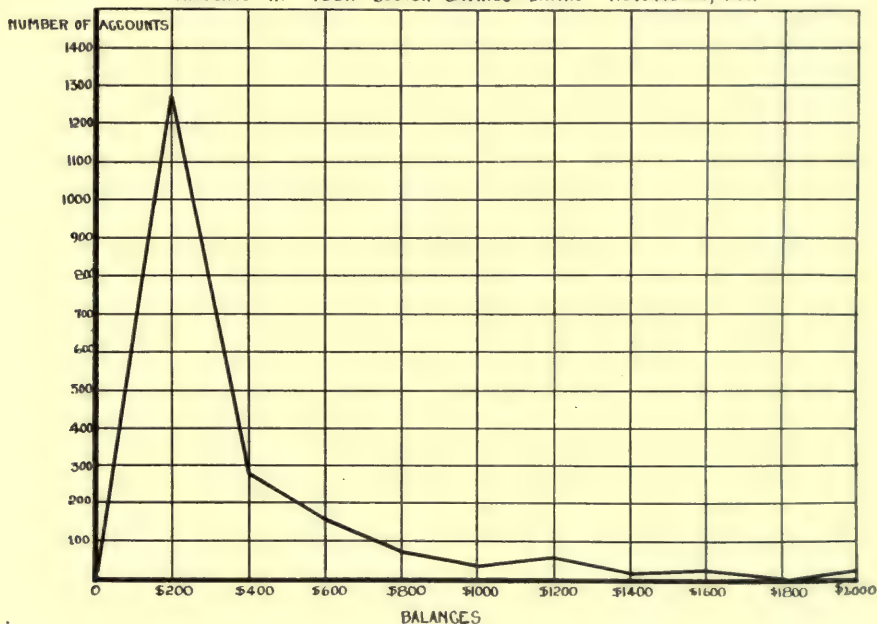


Chart II

cent.; 21-44 years (including age unknown), 64 per cent.; 46 and over, 17 per cent. And the gainfully employed women among the 2000 bank depositors were divided thus: 15-20, 14 per cent.; 21-45 (including age unknown), 69 per cent.; 46 and over, 18 per cent. The group of depositors under 20 years of age was not up to standard. Does this indicate the need of training in thrift in the continuation and secondary schools?

DISTRIBUTION OF BALANCES

The majority of balances were less than or equal to \$400. Only 700 out

they were outnumbered by representatives from both professional service and clerical occupations. But these three groups were represented equally among the women having balances of over \$2000.

Twelve thousand four hundred and fifty (12,250) signature cards were handled to find the sample group of 2000. The proportion then, of self-supporting women among the savings bank depositors investigated was 16 per cent. But 13 per cent. of the total population in Boston in 1910 were gainfully employed women. Their quota is more

than filled; they are kindly disposed towards savings banks. Would the publicity manager, seeking his share of the "Twenty Million Savers by 1930" do well to direct his efforts among self-supporting women?

Table 1. Two Thousand Self-Supporting Women Having Accounts in Four Boston Savings Banks,* Distributed by Age Periods and Balances. November, 1921.

Number of Women of Ages Stated Having Specified Balances

	Total	Up to 30	31-40	41-50	51-60	61 and over	No age given
Total	2000	1058	371	289	152	63	67
Up to \$200	1280	810	202	144	59	24	41
\$201-\$400	286	138	67	33	26	12	10
\$401-\$600	168	55	37	31	30	5	10
\$601-\$800	72	19	22	20	8	1	2
\$801-\$1000	44	11	11	12	6	4	.....
\$1001-\$1200	67	10	14	24	11	7	1
\$1201-\$1400	17	2	2	8	4	.....	1
\$1401-\$1600	22	5	6	4	3	4	.....
\$1601-\$1800	7	1	3	2	1	.....	.....
\$1801-\$2000	16	2	4	4	3	3	.....
More than \$2000	21	5	3	7	1	3	2 ..

Table 2. Two Thousand Self-Supporting Women Having Accounts in Four Boston Savings Banks,* Distributed by Occupations and Balances. November, 1921.

Number of Women Having Specified Balances in the Following Occupations

Balance	Total	Manufacturing and Mechanical Industries	Transportation	Trade	Professional Service	Domestic and Personal Service	Clerical Occupations
Total	2000	294	59	118	305	621	603
Up to \$200	1280	191	50	70	163	358	448
\$201-\$400	286	28	6	20	54	110	68
\$401-\$600	168	31	1	9	32	62	33
\$601-\$800	72	16	1	4	14	22	15
\$801-\$1000	44	9	.....	2	6	21	6
\$1001-\$1200	67	9	.....	6	17	22	13
\$1201-\$1400	17	1	.....	1	5	9	1
\$1401-\$1600	22	2	.....	1	1	10	8
\$1601-\$1800	7	3	.....	.....	1	2	1
\$1801-\$2000	16	3	.....	1	7	.....	5
More than \$2000	21	1	1	4	5	5	5

*Home Savings Bank, Newton Savings Bank, South Boston Savings Bank, Suffolk Savings Bank for Seamen and Others.



Some Bank Credit Problems

THE BANKERS MAGAZINE has secured the services of a capable bank credit man to answer the inquiries of readers on current problems of the credit manager. Questions of general interest to credit men and bankers will be answered and only the initials of the person asking the question will be used. In case the question is not one of particular interest to bank credit men as a whole or one which has been answered before, a reply will be made by mail.

In order that all questions may be answered intelligently, it is requested that they be direct and to the point, but that sufficient necessary detail be included to enable the editor to draw the proper conclusion. Inquiries should be addressed to the Editor, Bank Credit Problems, THE BANKERS MAGAZINE, 71-73 Murray Street, New York.—EDITOR.

QUESTION: I have in mind a recent audited statement of a wholesale house, appended to which were several explanatory notes, one of them reading "Spring goods on hand and in transit, amounting to \$410,000, have been excluded from the inventories and also from liabilities". Will you please inform me if this is customary or otherwise, and whether it is the correct practice?—R. P.

ANSWER: Although there may be some differences of opinion on this subject it is generally believed by most bankers that spring goods or any merchandise, in fact, which has been shipped (legal title having passed to buyer) or received should be included in inventory and the corresponding liability set up. If a buyer has a commitment or contract for the purchase and delivery of certain goods, and same have not been shipped, it is merely a contingent liability, and as such should be mentioned as a foot note to balance sheet. In other words, contracts and commitments are not actual liabilities for which value has been received, and cannot be treated as such in the balance sheet. Goods are not usually billed until shipped, and it is at that time, when the transaction is completed, that the real liability is created. Failure to then include the goods in the assets and to set up the liability is incorrect, and the result is a more satisfactory current ratio being evidenced than would otherwise be the case.

Considering the subject from the viewpoint of some merchants and manufacturers this reasoning may not seem at all just. They may possibly be transacting a strictly seasonal business, and may feel on December 31, when statement is prepared, that such figures cover the year just closed and should not in any way give evidence of spring purchases, which may possibly not be sold for several months and will be entirely new business. This appears reason-

able from their standpoint, that of a desire to make a good showing, and some of them consequently merely give effect to spring goods in an explanatory note as mentioned in your question. However, if goods have been shipped and billed, title has passed to the buyer and even if payment is not due for several months, a real liability has been created, and as such should have its proper place in the balance sheet.

QUESTION: Do you regard merchandise in transit as a quick asset?—D. J. G.

ANSWER: Yes, there is no doubt, that in all ordinary cases, the item of goods in transit appearing in a statement should be treated as a quick asset. Also, the corresponding liability should be treated as a quick liability.

The legal aspect to this question is whether or not title to the goods has passed from the seller to the buyer. This is usually for the accountant to determine when preparing the statement. If title is found to still rest with the seller, the goods should be included in his inventory, and therefore should not appear in the buyer's statement (except as a foot note), the obligation to receive and pay for same being merely a contingent liability and not a direct one.

From the foregoing it can be seen that it is necessary to know just when title passes from seller to buyer. In this connection there are several terms under which goods are shipped, knowledge of which is quite essential:

1. F. O. B. point of origin. This means that seller (consignor) must place goods on cars, obtain bill of lading and be responsible for loss or damage up to this point. Title then passes to the buyer (consignee) who must pay transportation charges and assume responsibility.

2. F. O. B. point of destination. This implies that seller must place goods on cars, secure bill of lading, pay all freight charges

and be responsible for loss or damage until goods have arrived in cars at point of destination. Legal title then passes to buyer who must thereafter assume responsibility, unload goods and arrange for further delivery.

3. F. O. B. point of origin, freight prepaid to destination by seller. Under this quotation the seller places goods on cars, secures bill of lading, pays freight, and is not responsible thereafter. The buyer then assumes responsibility and takes charge of the merchandise on arrival.

4. F. O. B. point of destination, freight allowed by seller. In this case seller is responsible until goods are placed on cars and bill of lading furnished. Buyer then becomes responsible, pays all transportation charges but deducts from amount of invoice the cost of said transportation.

In all of these cases, it is generally understood that unless a particular railroad is mentioned, the merchandise will be shipped by the one most convenient to the seller. If another railroad should be desired by buyer, it should be named in quotation.

In conclusion, it can be seen that if it is decided that legal title to goods in transit has passed to the buyer they should most assuredly be shown in his balance sheet and treated as a quick asset.

QUESTION: What is the proper way to show in a statement merchandise held on consignment? And merchandise consigned to others?—H. Y.

ANSWER: When merchandise is consigned to a person or company for sale, it should not appear as an actual asset on the balance sheet of the consignee but should be included in the inventory of the consignor. The merchandise belongs to the one who has consigned it and is not the property of the consignee who acts in the capacity of agent to carry out any duties which may have been specified in the contract between them. The consignee has no direct financial liability toward the consignor and is only liable for using ordinary care and diligence in seeing that the goods are conserved and sold in accordance with contract. While the consignee is holding the goods he must care for them in the same manner that he would his own goods; or generally speaking, he must follow the trade custom and look after the goods in the usual manner prevalent in that line of business. If the consignee, therefore, complies with the trade custom and the terms of the contract, he can not be held liable if the goods are stolen or destroyed. In other

words, he is not the owner of the goods, but merely the agent negotiating their sale, and consequently does not assume financial liability. If he is unable to sell them he can usually ship them back to the owner. The consignor should therefore treat the goods as part of his inventory until an actual sale has been made, and the consignee should not include them as part of his inventory, although he may mention them on his balance sheet in the form of an explanatory indented item or a foot note.

The consignee should not merge the proceeds from the sale of consigned merchandise with his general funds. The common trade practice is no doubt to do this but the legal principle is otherwise. The consignee should hold the funds separately, being merely agent for the owner of the merchandise, and if he mixes the funds with his own he is technically guilty of larceny. In the case of bankruptcy on the part of the consignee, if the funds have been mixed, the consignor becomes a general creditor and can no doubt bring a criminal suit against the consignee.

If the consignee has carried the proceeds of the sale in a separate bank account, and goes into bankruptcy the consignor can obtain the full amount owing him and the other creditors can not touch this money. This is no doubt the reason that goods are sometimes consigned to parties whose credit standing is somewhat doubtful, rather than making an outright sale. Of course, it would be difficult for a consignee with many clients to carry a separate bank account for each, but this can be obviated by opening up one separate account as "Trustee or Agent for Consignors". All of the monies received from consignment sales could then be lumped into that account and the funds would not become merged with his regular bank account.

If merchandise received from a consignor for sale is taken up on the consignee's books as an asset, the consignee should of course set up a contra, or offsetting liability. This is sometimes done where goods are shipped to an agent to be sold at a certain minimum price, and where there is possibly an understanding that anything received over that amount will be held by the consignee as a commission. However, this contra method of setting up consignments on the consignee's books is not theoretically correct, as the goods do not belong to him, and at the time of entry it is not usually known for what price they will be sold. A liability should of course be set up if the goods are treated as an asset.

When the consignee sells the goods, he im-

mediately or at a stipulated time, sends an account of sales to the consignor, who then credits merchandise account and sets up an account receivable on his books for the amount of the sale. This is a current item on the consignor's books as the funds are theoretically being held for him in a special account.

If it is a trade custom, and the consignee uses due care and diligence, he can sell the goods on credit. He does not usually furnish the consignor with a list of these creditors but should be willing to do so if requested. Should any of them fail to make payment the consignor would be the loser, provided the consignee had acted in good faith.

Were the consignee to make up a balance sheet after the goods were sold and before proceeds had been remitted to consignor, it would no doubt be well for him to give some indication of the transaction, so that his banker would know that he was the custodian of special funds which were being held separately. The following might be suggested:

Consigned merchandise sales:

Cash in special fund.....	\$1000
Customers' accounts.....	1000
	2000
Less amount owing consignor.....	1600
Balance (belonging to consignee).....	\$400

By following the above suggestions, only the funds actually the property of the consignee would be extended, and the banker would have better information as to the status of his clients' affairs than otherwise. Should the consignee mix the funds belonging to the consignor with those of his own it would be more satisfactory from the banker's standpoint to have him set up a liability for the amount owing the consignor, rather than make the deduction from the asset as shown in the case of a special fund.

When a consignee makes advances on goods received and for expenses incurred, he is generally believed to have a lien on all of the consigned goods in his possession. In some cases, according to the contract, the consignee may have a lien on all finished goods owned by the consignor whether they have been shipped or not. An advance, for all practical purposes, really becomes an account receivable on the books of the consignee and an account payable on the books of the consignor, such items being treated as quick when analyzing the statements.

In considering the subject of consignments it should be borne in mind that although a great deal depends upon the wording of the contract between the parties, the general theory of principal and agent is fundamental, and in passing upon the legality of certain actions a court will endeavor to base its decision on whether the usual trade custom has been followed.



First to Adopt a Savings Department in a National Bank

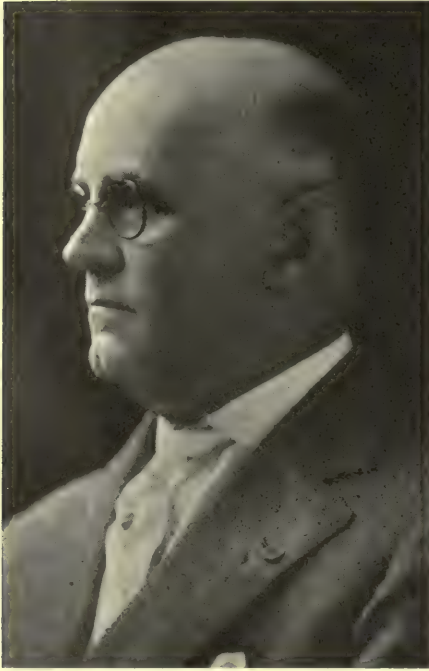
THERE are many people today in the banking business, who can remember that a savings department was not always a department of a national bank. Prior to the inauguration of the savings department all savings deposits were handled on interest-bearing certificates.

In the year of 1895, Theodore Wentz, then cashier of the First National Bank, Canal Dover, Ohio, gave considerable study to the various systems and methods of service to the patrons of the bank and it was noticed that a great number of people were inclined to save money and a goodly portion of these

in small amounts from one dollar up, these deposits of small amounts being taken in certificates of deposits. After giving this matter considerable thought, the idea came to him that these small deposits could be handled more effectively by having them entered in a deposit book starting the account with one dollar or more and receiving the same amount of interest that was being paid on the certificates of deposits.

A meeting of the board of directors was arranged and the idea placed before them. Being rather skeptical of a new venture but still believing the plan might work out successfully an appro-

priation of \$100 was allowed Mr. Wentz to purchase the necessary equipment to install a savings department. The plan was then submitted to the Comptroller



THEODORE WENTZ

Cashier Lincoln National Bank, Fort Wayne, Ind.

of the Currency, Mr. Eckles. The bank was advised later that Mr. Eckles had no knowledge of any national bank having a savings department but could see no reason why such a plan would not work out effectively. His approval was given for the installation of a savings department. After approval had been received the appropriation which the directors had voted was used to purchase 500 pass books and all the necessary equipment to handle this new department.

February 28, 1896, the First National Bank of Canal Dover, Ohio, issued a statement of the condition of the bank; this statement showed deposits listed, individuals and banks \$159,504.50. To-

day we find the deposits in the savings departments totaling in the millions and occasionally an individual deposit is found that amounts to as much as the entire deposits of both individuals and banks as listed on the statement in 1896.

Mr. Wentz cherishes as a fond remembrance of the eventful stride in bank service, a savings pass book issued to his son, Welker Wallace Wentz, with a deposit of two dollars made December 24, 1896, as a Christmas present by one of his relatives.

Today Mr. Wentz is as vitally interested in the success of the savings department in the Lincoln National Bank of Fort Wayne, Indiana, of which he is cashier, as he was twenty-five years ago when he spent months developing an idea into a possibility in the little Ohio bank. Lately, largely through Mr. Wentz' efforts the Lincoln National Bank has adopted a new form of pass book known as the "DeLuxe," being



This pass book, known as the "DeLuxe" is leather bound and engraved

leather bound and engraved and said to be the finest in construction and composition in the country.

Mr. Wentz is clearly entitled to the credit for the innovation of the savings department in a national bank.

Banking and Commercial Law

SPECIAL

**The BANKERS
MAGAZINE**

SECTION



Established 1810

THE MECHANICS & METALS NATIONAL BANK

of the City of New York

Statement of Condition, May 5th, 1922

ASSETS

Loans and Discounts.....	\$127,965,478.99
Customers Liability Under Acceptances.....	3,153,721.44
U. S. Government Securities.....	10,285,234.21
Bonds, Securities, etc.....	6,953,494.64
Banking House, Furniture and Fixtures.....	3,459,456.44
Cash and Exchanges.....	101,545,375.80
	<hr/>
	\$253,362,761.52

LIABILITIES

Capital Stock	\$ 10,000,000.00
Surplus	10,000,000.00
Undivided Profits	7,307,997.66
Unearned Discount	505,680.80
Reserved for Interest and Taxes	352,813.66
National Bank Notes Outstanding.....	985,300.00
Time Acceptances (Foreign Department).....	3,959,609.09

DEPOSITS

Individuals and Banks	\$218,251,210.31
United States Government	2,000,150.00
	<hr/>
	\$253,362,761.52



Dansard State Bank
Monroe, Michigan

We commend to bankers the salient features of the above building. Here are combined a design that is simple and dignified, a stone exterior that is durable and imposing and large window openings that insure a splendidly lighted interior. Full information as to cost, with plans, etc., will gladly be sent upon request.

May we send you a copy of our portfolio,
"The Work of Weary and Alford Company"?

WEARY AND ALFORD COMPANY

Bank and Office Buildings
1923 Calumet Avenue, Chicago

Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts
Upon Questions of the Law of Banking and Negotiable Instruments

Savings Deposit in Two Names

Heiner v. Greenwich Savings Bank, New York Supreme Court, 193 N. Y. Supp. 291.

A SECTION of the New York Banking Law provides that, when a savings bank deposit is made by a person in his name and the name of another person, in form to be paid to either or the survivor, the deposit may be paid to either during the lifetime of both or to the survivor upon the death of one. It also provides that the making of the deposit in such form, in the absence of fraud or undue influence, shall be conclusive evidence of the intention to vest title to the deposit in the survivor.

In a case arising under this statute, it appeared that a certain individual had a savings deposit standing in his name. Shortly before his death he changed the account to an account in the names of himself and another person, "joint account, payable to either or survivor." After his death his administrator brought suit against the survivor, claiming that the deposit belonged to the estate. It was held that the statute was valid and that it did not operate to take property without due process of law. Although it appeared that the decedent opened the account in joint form merely for the sake of convenience, it was held that, under the statute, the deposit belonged to the survivor and not to the decedent's administrator.

OPINION

LAZANSKY, J. One Otto Heiner had an account in the Greenwich Savings Bank in his own name. Shortly before his death in January, 1921 the account was changed so that it was in the names of "Otto Heiner and Mary Leitz, joint account, payable to either or survivor." The administrator of said Heiner now claims said account as against Mary Leitz. The primary ques-

tion in the case is whether, in light of the provision of section 249 of the Banking Law (Consol. Laws, c. 2), the administrator may show that it was the intention of said Heiner and said Leitz in changing the account to himself and Mary Leitz, as above stated, to enable moneys to be drawn by said Leitz for the accommodation of said Heiner, and without any intention on his part to have any interest in the account at any time vested in her. That section of the Banking Law provides:

"3. When a deposit shall be made by any person in the names of such depositor and another person and in form to be paid to either or the survivor of them, such deposit and any additions thereto made by either of such persons after the making thereof, shall become the property of such persons as joint tenants, and the same together with all dividends thereon shall be held for the exclusive use of such persons and may be paid to either during the lifetime of both or to the survivor after the death of one of them, and such payment and the receipt or acquittance of the one to whom such payment is made shall be a valid and sufficient release and discharge to such savings bank for all payments made on account of such deposit prior to the receipt by such savings bank of notice in writing not to pay such deposit in accordance with the terms thereof. *The making of the deposit in such form, shall in the absence of fraud or undue influence, be conclusive evidence, in any action or proceeding to which either such savings bank or the surviving depositor is a party, of the intention of both depositors to vest title to such deposit and the additions thereto in such survivor.*"

It is claimed that the Legislature had no authority to provide that the making of the deposit in the form stated should be conclusive evidence in any action or proceeding to which either such savings bank or the surviving depositor is a

party, of the intention of both depositors to vest title to such deposit and the additions thereto in such survivor. The first part of subdivision 3 of section 249 with reference to the creation of joint tenancies in deposits came into the law by way of an amendment to the Banking Law in 1907 (chapter 247, Laws of 1907). The last paragraph was added in 1914 (chapter 369, Laws of 1914). Before these laws a deposit in the form stated was not regarded as sufficiently establishing the intent of the person making it to create a trust in behalf of another or to give such another joint interest in or ownership of the deposit. *Kelly v. Beers*, 194 N. Y. 49, 86 N. E. 980, 128 Am. St. Rep. 543, citing *In re Bolin*, 136 N. Y. 177, 32 N. E. 626. Under the provisions of subdivision 3 of section 249 of the Banking Law, as created by chapter 247 of the Laws of 1907, which does not include the last paragraph with reference to the effect of such a deposit, it was held that there was created a joint tenancy, and, in the absence of other evidence, the survivor would be entitled to the fund. The presumption, however, was rebuttable. *Clary v. Fitzgerald*, 155 App. Div. 659, 140 N. Y. Supp. 536; *aff'd* 213 N. Y. 696, 107 N. E. 1075. Then came the amendment of 1914 consisting of the last paragraph.

The only case found which considers the question raised by this amendment is matter of *Buchanan's Estate*, 184 App. Div. 237, 171 N. Y. Supp. 708. Justice Henry T. Kellogg discusses the question in light of what is said by Wigmore in his book on Evidence (section 2492), that there cannot be such a thing as a conclusive presumption, and that the statute really creates a rule of substantive law. Upon that basis the learned justice concludes that the deceased depositor has been deprived of his property without due process of law. He refers to a case of a thief who deposited the stolen moneys in the specified form, and states that under the statute he would be the owner of the fund upon the death of the real owner because there would be no fraud or undue influence. Reference is also made

to a case where the owner sent another to deposit his moneys in a savings bank, and the attorney innocently deposited them in joint account for himself and the owner.

It is urged that in such a case under the statute the real owner without consenting thereto in part loses title to his property. It seems to me in testing the constitutionality of an act the spirit and not the letter thereof must be taken into consideration. The Legislature, in my opinion, intended that the form was only conclusive evidence to accounts opened with the intention of the owner or owners of the money. The provisions should not be deemed to include accounts otherwise opened. I think this is shown by the exclusion of accounts in connection with which there has been fraud and undue influence. Many acts held to be constitutional might have been held to be unconstitutional upon the basis of supposititious fanciful facts not within the spirit of the act. But even in the two cases mentioned by the learned justice, it seems to me that there would be a fraud within the spirit of this act. For the thief to claim as his own that which belonged to another or for a trustee to claim moneys which belonged to another would be in the nature of frauds. The same would apply to any account not opened with the consent of the owner.

It seems to me, therefore, that if this statute be construed as a rule of substantive law, it does not deprive a party of his property without due process of law. The provision is not altogether clear, but refers, I think, exclusively to an action where one of the parties named in the account is dead. During the lifetime of both of the depositors either one would have the right to establish the real fact, whatever it might be, with reference to the account, and would have the right to bring an action in respect to that. He thus has an opportunity for his day in court, and through him his personal representatives would have their day. The statute may be upheld on another basis. The Legislature has the power to limit remedies. Under this statute it may be said that the remedy for a claim that the account

is not what it purports to be must be pursued during the lifetime of one of the depositors. It may be construed to be of the nature of a statute of limitation. As shown above, this would not be a taking of property without due process of law, because during his lifetime the decedent could have sued with reference to the account.

In *People v. Turner*, 117 N. Y. 227, 22 N. E. 1022, 15 Am. St. Rep. 498, the court had under consideration section 65, chapter 448, of the Laws of 1885, declaring that all conveyances theretofore executed by the comptroller on sale of land for unpaid taxes, after having been recorded for two years, "shall six months after this act takes effect, be conclusive evidence that the sale and all proceedings prior thereto * * * were regular," etc. The court held that the act was in its principal aspects one of limitation and within the constitutional power of the Legislature to enact. At page 233 of 117 N. Y., at page 1023 of 22 N. E. (15 Am. St. Rep. 498), it is said:

"The power of the Legislature to change rules of evidence as they exist at common law, and to limit, change and vary existing rules for the limitation of actions, has been the subject of frequent consideration in the courts, and has been uniformly held not to be affected or restricted by the constitutional provisions prohibiting the taking of life, liberty or property without due process of law."

Construing this statute not as a rule of evidence which would make it repugnant to judicial function to decide issues of fact, but either as a rule of substantive law or as a limitation of a remedy, the constitutionality of the act cannot be questioned. Although the proof in the case shows, and I shall find, that it was the intention of the decedent in creating the joint account to do it for the sake of convenience and not for the purpose of creating any rights in the defendant, the testimony in that respect cannot avail the plaintiff, and there must be judgment for the defendant. No costs.

Submit decision and judgment in accordance with the foregoing.

Executor Depositing Estate Funds in Individual Account

Powell v. Freeport Bank, New York
Supreme Court, Appellate Division,
193 N. Y. Supp. 100.

The executor of an estate deposited estate funds in the bank, where his executor's account was kept, and received therefor a certificate of deposit for \$2500, reciting that he had deposited that amount "as Exer." The executor then deposited this certificate of deposit in his personal account in the defendant bank. He drew a check against this account and delivered it to the defendant bank in payment of his individual note. It was held that the defendant bank was liable to the estate for the amount paid to it by the executor, less the amount of the executor's own money on deposit in the account at the time payment was made. The form of the certificate put the bank on notice that the executor was using estate funds to pay his personal debt.

OPINION

Appeal from Supreme Court, Nassau County.

Action by D. Frank Powell and another, as Administrators, etc., of Mary Powell, deceased, against the Freeport Bank and the First National Bank of Freeport. From a judgment on a verdict for plaintiffs against defendant First National Bank of Freeport, and from an order denying its motion for a new trial, defendant First National Bank appeals. Reversed, and new trial granted, unless plaintiffs stipulate to reduce verdict and modify judgment accordingly, in which case judgment modified, and order affirmed.

The action was brought to recover a sum of money which, the plaintiffs alleged, belonged to the estate of which they were administrators c. t. a., and which was used by the executor whom they succeeded in office in paying his own personal debt to defendant the First National Bank of Freeport under circumstances that gave to the bank con-

structive notice that the money was a trust fund and was diverted to the payment of the executor's personal debt.

BLACKMAR, P. J. On the 1st day of September, 1916, James M. Seaman, the executor of the estate of Mary Powell, deceased, had an account with defendant the Freeport Bank of Freeport, in which were deposited the funds belonging to the estate. At the same time he had his own personal account with the appellant bank. On that date the money to his credit in the appellant bank was \$509.33, and the appellant bank held his note for \$2500 and interest due on or about that date. Upon the same date he drew, as executor, his check upon the Freeport Bank of Freeport, to the order of "Cash," and received from that bank a certificate of deposit in the following form:

"Freeport, N. Y., Sept. 1, 1916. No. 3590.

"The Freeport Bank.

"James M. Seaman, as Exer. has deposited in this bank twenty-five hundred dollars, (\$2500), payable to the order of James M. Seaman on the return of this certificate properly indorsed.

"Not over twenty-five hundred dollars.

"Harvey B. Smith, Asst. Cashier."

Mr. Seaman took this certificate of deposit to the appellant bank and deposited it to the credit of his individual account, and on the same date he drew upon the appellant bank his personal check for the sum of \$2,540.30, with which he paid his individual note held by the bank. Seaman died on February 17, 1920, leaving on deposit to his individual account the sum of \$1,046.27. On the 12th of August, 1920, the plaintiffs were appointed administrator c. t. a. of the estate, and they brought this action against the Freeport Bank of Freeport and the First National Bank of Freeport, the appellant.

Where trust funds are diverted by a trustee and used for the payment of an individual debt under such circumstances that the creditor has actual or

constructive notice of the diversion, the cestui que trust may maintain a suit in equity to trace the funds (*Van Alen v. American National Bank*, 52 N. Y. 1), or, in a proper case, an action at law for conversion (*Squire v. Ordemann*, 194 N. Y. 394, 87 N. E. 435).

The certificate of deposit represented funds of the estate, and when deposited in the executor's personal account with the appellant bank the avails thereof still remained, in equity, the property of the estate. This was done on the very day that chapter 588, Laws of 1916, went into effect. This act modified the law laid down in *Bischoff v. Yorkville Bank*, 218 N. Y. 106, 112 N. E. 759, L. R. A. 1916F, 1059, as to the legality of the deposit of funds of an estate in the personal account of an executor. The presumption, however, is that he will preserve the funds and properly use them in the administration of his trust. But, as they are in equity the property of the estate, they may, if diverted, be traced and reclaimed by the cestui que trust until they come into the hands of a bona fide purchaser for value. The same result, however, would follow the application of the doctrine of the *Bischoff Case*.

On the death of the executor there was a shortage of \$3000 in the funds of the estate, and the administrators c. t. a. were justified in following those funds into the possession of the appellant bank, unless that bank became the holder of them in good faith. This depends upon whether the bank had knowledge of circumstances which gave it constructive notice that the funds were trust funds. The only evidence tending to show that the bank was put upon notice was the form of the certificate of deposit, which stated on its face that it represented funds of James M. Seaman "as Exer."

Under the circumstances disclosed in the evidence, viz. that the certificate was deposited and the avails drawn out on the same day to pay the note, I think the bank had notice that the executor was using trust funds to pay his own debt. It is true that in *Manhattan Sav. Inst. v. New York Nat. Exch. Bank*, 170 N. Y. 58, 67, 62 N. E. 1079, 1082

(88 Am. St. Rep. 640), the court said:

"Coupling the word 'trustee' with his name as a depositor was not an unusual, or peculiar, circumstance; nor, necessarily, imported that he was acting as trustee for others. It simply distinguished, or described, the account, which he opened, in a particular way, satisfactory to himself, and did not call for any investigation on the part of the bank into his authority as trustee."

But the word "executor" has a limited and certain significance, and is like the word "guardian," which in *Cohnfeld v. Tanenbaum*, 176 N. Y. 126, 68 N. E. 141, 98 Am. St. Rep. 653, was held to convey notice that the funds were trust funds. I think, therefore, that the bank must be held to have had constructive notice that the certificate of deposit represented trust funds, and that the avails thereof, in part at least, were used to pay the executor's personal debt.

At that time the executor had \$509.33 to the credit of his personal account. When the certificate of deposit was also added to the account, the account was then a mixed fund of \$3,009.33, of which \$2500 was a trust fund and \$509.33 was the individual fund of the executor. When the executor drew his check for \$2,540.30, which he paid to bank in taking up his note, I think it must be held that he used his own funds for that purpose in so far as the account permitted. It is an established principal of equity that, when a depositor draws his check upon an account in which trust funds are mingled with his own, and uses the money for his own purposes, it must be held that he used his own funds as far as possible and that whatever balance remained in the account was impressed with a trust. In *re Hallett's Estate*, English Law Reports, 13 Ch. Div. 696. The amount of the trust fund which the executor used in paying the note was, therefore the difference between \$2,540.30 and \$509.33, or \$2,030.97.

The appellant requested the court to charge that, if the jury "should find against the First National Bank of Freeport, they may find for \$2500 less

the sum of \$509.33, which we have agreed between us was the amount on deposit personally by Mr. Seaman on September 1, 1916." The court declined so to charge, and the appellant excepted. In view of the evidence, I think the exception was well taken. Applying the rule stated in *In re Hallett's Estate*, supra, that the check of the executor on the mixed account should be charged first to his own funds, and the remainder only to the trust fund, the amount of the trust fund which the bank received in payment of its note was the sum of \$2,030.97. The judgment, therefore, was erroneous to the extent of \$509.33, with interest thereon from September 1, 1916.

On the death of the executor there remained the sum of \$1,046.27 to the credit of his personal account. The cashier of the appellant bank, being on the witness stand, was asked by appellant's counsel to whom this balance was paid; the answer was excluded, on an objection to its materiality by plaintiffs' counsel, to which defendant's counsel excepted. In view of the fact that the answer of the appellant alleged that the account was closed by the payment of this balance to the executor of the estate of James M. Seaman, I think that it must be held that the question was directed to develop proof of that fact. As it would not help appellant's case to show that with notice of the diversion it voluntarily paid the balance to the executor's estate, the exclusion of this evidence was not error. For the same reason the refusal of the court to charge that this amount could be deducted from the verdict against the appellant was not error. The complaint was properly dismissed as against the Freeport Bank.

I recommend that the judgment and order be reversed upon the law, and a new trial granted of the issues between the plaintiffs and the First National Bank of Freeport, with costs to the appellant against the plaintiffs, unless within twenty days the plaintiffs stipulate to reduce the verdict to the sum of \$2,030.97, with interest thereon from September 1, 1916, to the date of the entry of the judgment, and to modify the judgment accordingly. If such

stipulation be given, the judgment, as modified, and the order, are affirmed, without costs. All concur.



Action to Recover Overdraft From Depositor

Bank of Benson v. Swanson, Supreme
Court of Nebraska, 187 N. W.
Rep. 88.

Where, through a mistake, a bank credits a deposit to the account of a person other than the actual depositor and, as a result of such error, thereafter pays an overdraft check drawn against such account, it may recover the amount of the overdraft from the depositor.

OPINION

Suit by the Bank of Benson against George Swanson. Directed verdict and judgment for plaintiff, and defendant appeals. Affirmed.

BROWN, District Judge. The plaintiff bank sued the defendant in the district court for Douglas county to recover for an alleged overdraft of \$222.95, and on a directed verdict recovered judgment for the full amount. The defendant has appealed, and urges that, in the state of the pleadings, the trial court erred in admitting evidence to show that a certain deposit of \$352.18 appearing in the defendant's account under date of July 22, 1918, had been credited thereto by mistake.

In its petition, after alleging its corporate capacity, and that the defendant became a depositor in its bank on August 24, 1917, the plaintiff alleges:

"Whereafter on various and sundry dates he deposited with the plaintiff various sums of money to be credited to his said account down to the nineteenth day of August, 1918, and during said time drew numerous checks upon the plaintiff to be charged to his account; that all of the deposits made by the defendant were credited to his said account, and the checks by him drawn charged against the same, and said ac-

count thereby was overdrawn on the seventh day of November, 1918, in the sum of \$222.95. A copy of which account is hereto attached and marked 'Exhibit A.'"

Then follows an allegation that no part of said overdraft has been paid and a prayer for judgment. The defendant's answer to this petition "denies each and every allegation therein contained except such as are hereinafter specifically and expressly admitted." The admissions following this general denial do not admit the correctness of the account as shown by "Exhibit A," or any specific portion of it.

The president of the plaintiff bank testified that when it was discovered that an error had been made in crediting the defendant's account on July 22, 1918, with a deposit of \$352.18, a charge item was made against his account for an equal amount, which left an overdraft for the amount for which plaintiff brought suit. The defendant testified that he never drew a check on his account for the \$352.18 charged to it, but he did not testify that he ever deposited with plaintiff such a sum.

[1] The defendant contends that, "Exhibit A" being a part of the petition the allegations thereof assert or admit that the defendant had deposited the item of \$352.18 in question. We do not so understand the language of the petition. It alleges "that all of the deposits made by the defendant were credited to his said account, and the checks by him drawn charged against the same." This falls far short of alleging that every item of deposit appearing in "Exhibit A" was made by the defendant. It simply asserts that the defendant received credit for every deposit that he actually made. But, even if the construction placed upon the petition by the defendant were correct, his answer denied all of the items, both credit and debit, in the account sued upon. This cast the burden upon the plaintiff to establish all of the items. No attempt was made on the trial by the plaintiff to prove that the defendant deposited the item of \$352.18 in question, in fact most of its evidence was devoted to

showing that the crediting of this item to the defendant's account was a mistake and how it occurred. As we have seen, the defendant offered no evidence to establish that he ever deposited this item. There being no evidence from any source to support the allegation that the defendant had deposited this item, even if the petition were to be construed as making such an allegation, the plaintiff's case as to it must have failed and the court have been forced to disregard it as an item to be credited to the defendant.

[2, 3] It is possible that the plaintiff went further than was necessary in offering evidence to prove its case and that the court erred in admitting certain

of the evidence offered, but, if so, the defendant could not have been prejudiced. At the conclusion of the introduction of evidence by both parties, the court sustained the plaintiff's motion for a directed verdict. There was ample competent and relevant evidence to justify the action of the court and, under the familiar rule that a court will not be presumed to have given consideration to incompetent evidence, the admission of any such evidence during the progress of the trial could not have prejudiced the defendant.

As no prejudicial errors appear in the record and the judgment of the district court was right, it is

Affirmed.



A Banker Grecian

Under this title *The New York Times* of recent date published the accompanying sketch giving an account of some of the activities of a distinguished banker outside the routine of his profession. Dr. Leaf is distinguished for his scholarship and urbanity as well as for a practical and discriminative judgment in banking and economics.—EDITOR BANKERS MAGAZINE.

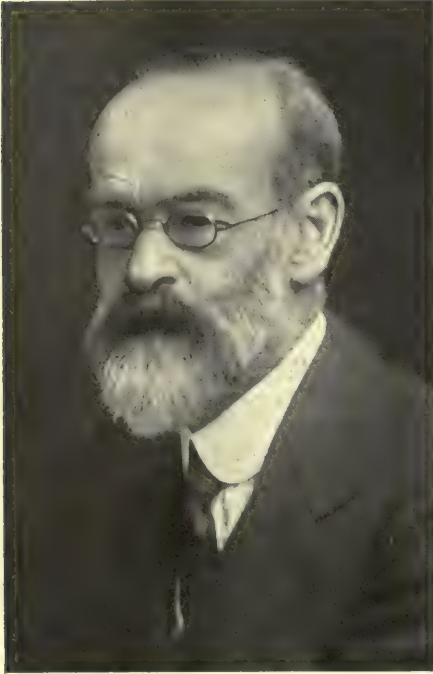
SAMUEL ROGERS used to be called "the banker-poet," but he was not exactly a poet. Edmund C. Stedman was honored with the same title, but he was not a banker. The recent appearance in London of "Little Poems from the Greek," translated from the Anthology by Walter Leaf, reminds us that here is an active and powerful banker who, like Mr. Grote, is a great Grecian. Forty years ago Mr. Leaf, then a fellow of Trinity College, Cambridge, was the author, with Andrew Lang and Ernest Myers, of a prose translation of the *Iliad*, which still maintains its place as the most readable, the most accurate and the most artistic English version. From time to time he published books on "Troy," on "Homer and History," and so on, and various papers in *The Journal of Hellenic Studies*.

We happened to see one day in an advertisement in an English newspaper the name of Walter Leaf, Chairman of the London County, Westminster and Parr's Bank. Surely this was a mere coincidence of names. Walter Leaf of Ilium, a mighty man in the city! Nonsense! We turned for corroboration to his edition of the *Iliad* in Greek. The roving eye caught evidence after evidence of that distressing lingo that has disgusted heaven knows how many generations of schoolboys and undergraduates. For example: "Observe the effect of the 'bucolic diaeresis' in preserving the length of the last syllable of Achaioi before a vowel." "The double epeneleipsis is unique." "For the use of the cognate accusative see Homeric Glossary, 136 (3)." The old, tiresome, bombastic grammarian's jargon.

The words of some disgusted youth
swam into the memory:

I hate the aorist-swilling swine,
Ahrens, Buttman and Doederlein;
I loathe the whole pedantic pack
Delbrueck, Lange and Nagelsbach!

Surely the Walter Leaf who indulged
in all the meanest tricks of the trade
never became a banker. He must have



WALTER LEAF

Chairman of the board London County, Westminster
and Parr's Bank, Ltd.

passed his life in making that of school-boys miserable. This latest book of his destroyed that natural a priori conclusion. We looked the man up in the English "Who's Who." What curious contrasts in the brief entries in this little biography:

Chairman Leaf & Co., Ltd., 1888-92;
President of Hellenic Society, 1914-19; one

of founders and first members and Vice President of London Chamber of Commerce; Deputy Chairman, 1885-86; Chairman, 1887; Vice President Alpine Club, 1902-05; Deputy Chairman Committee of London Clearing Banks, 1917; Chairman, 1918-19; President of the Institute of Bankers, 1919-21.

He has translated from Persian and Russian as well as Greek. He married the daughter of John Addington Symonds. He is seventy and recreates himself with "mountaineering, cycling, photography, traveling, skating, motor-ing." A busy and an enviable man, equal to a lot of business and pleasure. In *The Spectator* another banker, Henry Bell, writes some verses, after the good old eighteenth century custom, "to Dr. Leaf on the appearance of his new book":

For while we see
Crowns drop from kingly heads, and
canker
Attack the hereditary tree,
Yet there is left one Leaf to be
At once a Poet and a Banker.

"I am but second-hand at best; you are the real banker poet," writes Mr. Leaf to Mr. Bell. If there is not much question of real poetry in either case, there is a delightful air of urbanity and scholarship in these compliments of successful bankers who are also students and practitioners of literature. The English civil service is the traditional home of scholarly avocation, and meagre pensions help poets and other "literary fellows" in distress. It is pleasant to see scholars who are neither clerks nor pensioners, but have made themselves robust figures in the world of affairs. Bankers are a conservative class, and Greek is a safe, conservative recreation. It will occur to some of us that, though our own Henry Ford has no love for bankers, since all his knowledge is intuitional or instinctive it would have been better for the country and less stimulating to human ignorance if he had decided to be a Greek scholar instead of an extemporal political economist and financial expert.

International Banking and Finance

SPECIAL

 **BANKERS
MAGAZINE**

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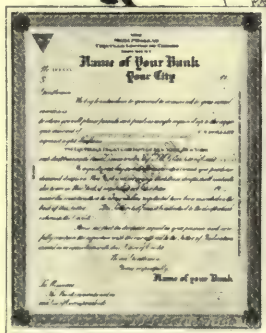
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America's Attitude Toward Europe*

Hesitancy of United States to Join Great Britain in a Constructive Program Not Due to Indifference

By Alvin W. Krech

President Equitable Trust Company, New York

HISTORY has never recorded a more perfect unanimity, a more perfect chiming in harmony and unison among nations than the one which held Great Britain and the United States together in the presence of the Great Menace, which we hope has been permanently allayed.

From the day Lord Reading set foot on American soil to negotiate the first war loan, to the day Lord Balfour signed the treatise of the Washington Conference, our two nations have stood together in perfect accord on every vital issue.

This is as it should be! Let us by every means in our power see to it that this valuable asset of our friendship be preserved unimpaired; an asset not alone for these two great creditor nations, but an asset that shall be used in such manner, through joint coöperation, as to be a real benefit—a real blessing—to a world in distress.

The hesitancy of the United States Government to join with the British Government in a constructive program has doubtless been misconstrued in many quarters—particularly abroad. We must and do believe that it is not due to a deliberate desire to shirk responsibility where responsibility is so evident, but rather to the radical difference in our forms of government and methods of procedure.

I have always believed that the presence of a ministerial bench in the Congress of the United States, involving as it would open direct discussion of both foreign and domestic policies, would not only lead to a more definite form of accountability on the part of the executive officers of our government but to the creation of a more intelligent public opinion. If some such change could be brought about, perhaps in a modified

way, we would not again be in the position of seeing as we do today, our Ambassador occupying a reserved seat in the Distinguished Guests' gallery at Genoa.

Who can fail to regard with admiration the simplicity and directness that accompanies the relations between the British Government and the Parliament? I am glad to express to an assembly of Britishers my admiration for the will and determination, the courage of your Government, which has accomplished at last the miracle of forcing the nations of Europe to sit together in a new council.

Lloyd George's statement in the House of Commons concerning the Genoa conference, and the vote of confidence which followed that statement, whereby the British Empire put its back in his constructive work, is a stirring example of what England can do and what a great democracy can accomplish by investing her chosen representative with power and authority to do things.

When Lloyd George got his vote of confidence the *Times* called it a "coupon for Genoa." The *Manchester Guardian* dazzled by the suddenness of the Premier's victory, said that the vote of confidence meant a "return ticket." Alas! It is the "return ticket" upon which the gaze of our statesmen and politicians is too often riveted.

But I assure you that this inherent difficulty of our methods of political procedure does not mean giving up our interest in European affairs. I wish merely to point out how difficult is the task of our statesmen when they have to grapple with questions of foreign pol-

*Portion of address recently delivered by Mr. Krech before the British Empire Chamber of Commerce, New York City.

IRVING NATIONAL BANK NEW YORK

Statement of Condition, May 5, 1922

Resources

Cash in Vault and with Federal Reserve Bank	\$28,386,375.65	
Exchanges for Clearing House and due from other Banks	39,815,170.39	
Call Loans, Commercial Paper and Loans eligible for Re-discount with Federal Reserve Bank	79,742,380.22	\$147,943,926.26
<i>Other Loans and Discounts</i>		
Demand Loans	11,587,254.05	
Due within 30 days	10,340,085.07	
Due 30 to 90 days	23,967,149.50	
Due 90 to 180 days	36,174,237.64	
Due after 180 days	5,079,337.05	87,148,063.31
United States Obligations		5,357,579.98
Short Term Securities		13,837,053.62
Other Investments		8,276,224.76
Bank Buildings		595,943.76
Customers' Liability for Acceptances by this Bank and its Correspondents [anticipated \$2,228,219.95]		13,455,897.98
		<u>\$276,614,689.67</u>

Liabilities

Capital Stock	\$12,500,000.00
Surplus and Undivided Profits	11,224,338.62
Discount Collected but not Earned	1,170,139.19
Reserved for Taxes and Expenses	815,094.96
Circulating Notes	2,497,800.00
Acceptances by this Bank and by Correspondents for its Account [after deducting \$152,503.13 held by the Bank]	15,684,117.93
Deposits	232,723,198.97
	<u>\$276,614,689.67</u>



1851-1922: SEVENTY-ONE YEARS A BUSINESS BANK

icy. I say we have not given up our interest in European affairs, for to say that we have would be to charge us not only with criminal negligence toward our own best interests, but would be a truly unworthy conception of our place among the nations of the earth.

Lloyd George in his remarkable opening speech said that Genoa did America a great service by sending Columbus to discover the New World, and she could do America another great service by helping America to rediscover Europe.

Well, I believe that Lloyd George may be given the assurance that America is very much aware of the existence of Europe and its economic struggles. We have responded to Europe's cry for economic assistance. We might have done more, but do not forget that our country is young in the science of foreign financing, and that it has barely begun its career as a creditor nation. But you have witnessed yourself during the last few months a really astonishing interest on the part of our investing public in European issues. An issue of one of the Austro-Hungarian succession states was floated here, in London, and in Amsterdam, at the same time, and showed clearly how easy it is for us to work hand in hand with London in the granting of foreign loans or credits. Since the Armistice our investors have bought European securities floated in this market to an amount of three-quarters of a billion dollars, and this is but a beginning. What greater incentive to the study of sound foreign securities on the part of the investing public could be found than a home Treasury Certificate limited in return to three and one-half per cent.?

Have also in mind for a moment the enormous amount of moneys due by Europe to American firms and individuals—a huge floating debt the sum total of which has been estimated at the lowest at \$1,000,000,000, and by some even at \$4,000,000,000.

And then consider the immense sums of American money which have gone into buying of foreign currencies! An international banker expressed the other day the opinion that Germany had unloaded upon the world fifty billion paper



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marks. A goodly share of this vast amount has certainly been taken up by our people who have been much too easily coaxed into buying the beautiful notes of certain European banks of issue and certain foreign loans floated by municipalities or governments.

Our people may not always be very conscious of the fact that every day that passes links their economic destinies closer to Europe's fate. But every foreign bond, or every foreign acceptance, or every foreign currency note that finds its way into the safe or the till of an American business man or an American investor, brings us nearer to the complete discovery of Europe which Lloyd George hopes will be achieved.

When Columbus at last sighted land he did not know that he had discovered a new continent which was to be named America.

The investor who buys a bond of say the City of Soissons, the name of which he probably can hardly pronounce, may

not know that he is discovering Europe. But I assure you, gentlemen, he is discovering Europe.

My hope is that you sometimes be the pilot, or rather the older sailor in our eastward voyages of discovery. We readily admit that you have acquired an excellency gained through long experience. Your bankers, just to give one instance, have handled acceptances for generations without being fettered by rules or regulations. We, on the contrary, are just getting accustomed to them, though I must say that we have not been slow in learning what may be called without exaggeration, the London lesson.

The Federal Reserve Board but a few weeks ago has eased its rulings with regard to rediscounting of foreign trade acceptances, and I trust that much can be done by the granting of credits according to the merits of individual cases. The late Sir Edward Holden called the banker a manufacturer of credit, and indeed the banker must know when he is permitted to manufacture some extra credit for the benefit of a factory or a trading house, and I am very confident that our bankers, in spite of their often derided provincialism, will manufacture the credit which will put the breath of life in our trading with Europe.



Foreign Trade Finance*

By Romaine A. Philpot

A LARGE volume of acceptance credit operations was successfully carried on during the unsatiated demand by foreign countries for our products during the World War and the period immediately following, when prices were constantly rising. However, sufficient attention was possibly not given to the timely warnings of those of our more experienced international bankers and economists, who pointed out that a serious and inevitable deflation of values would have to be guarded against.

The violent fall in commodity prices, which had its inception in 1920 and which has continued until the present time, has in all probability reached a point of comparative stability. While the present would appear to be the opportune moment for sound financing, it is believed that many of our banks have gone to the other extreme of ultra-conservatism against undertaking ordinary legitimate banking transactions. The result at present is a lack of American dollar credits and a consequent reversion to sterling credits for the financing of a considerable portion of American foreign trade.

If we are to assure for the American dollar its paramount position, at least in connection with our own foreign trade, and to assure prosperity to American business in general, it is necessary for us to look to our progressive bankers, bankers of broad international vision, to create necessary dollar credits through the establishment of additional acceptance houses under experienced management.

This is the opportune moment for large and constructive business on a sound basis, which is available in abundance to such specialized banking institutions. There seems little doubt but that it is the lack of necessary dollar credit facilities that is responsible in a large measure for the business depression from which our industrial life is suffering at present. This reaction and the consequent hard times and growing mass of unemployment have given rise to much agitation and facilitate the open espousal, by well-meaning but uninformed politicians and prominent men, of suggestions which are supposed to

*An extract from an address recently delivered before the Foreign Trade and Bankers Clubs, Columbia University, New York.

cure the unfavorable trade and business situations. These propositions which mislead the public regarding fundamental economic questions, attack our currency system, and attempt to replace it by issues against mere government credit or assets which are not fit to serve the purpose. You will guess I have in mind the recent efforts of Messrs. Ford and Edison. The latter, according to the public press, has sent a questionnaire to many bankers and other prominent people throughout the country and has given much publicity to his and Mr. Ford's suggestions. The prominence of these men is prone to secure a large audience for their heresies, as insufficiently contradicted fallacies are bound to make impressions on the public mind. Unless our banks will come to an early realization of their responsibilities toward American business, both domestic and overseas, such suggestions may be only the beginning of other attacks on the fundamental credit structure of our country, which in the end are bound to work considerable harm to our credit and currency systems.

This would seem the psychological time for inter-governmental coöperation and concerted efforts, a concentration in friendly union, upon the program of creating wealth instead of wasting through idleness, which today is not only reacting upon us but is threatening war-impoveryished European nations with insolvency. Half of their capitalists and workers live on foreign trade. These foreign countries today have little money to spend and cannot afford to buy our goods or only in limited quantities. The war has left them a huge debt, interior as well as exterior and crushing burdens of taxations. This debt and taxation result in constantly increasing cost of living through higher prices, higher wages, and higher cost of production, all of which means constantly increasing unemployment and constantly increasing inflation.

Lloyd George, in a recent address on India, gives a vivid picture of the industrial dislocation in that country. What particularly attracted



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my attention was his statement that certain native products, I believe he mentioned corn, sugar, cottonseed and cotton, the products of an entire year were rotting on the railroad platforms and sidings. There were no locomotives, no wagons; coal could not be had and the mills were closing down. These conditions, according to reports, obtain in other forms in some of the European countries.

Healthy trade and business must be revived in these countries, if for no other reason than that we need them as much they need us for we are not self-sufficient and shall see no full measure of prosperity here unless we determine to help them to the road leading to prosperity. We must help them by supplying them with commodities which they may use for manufacturing as a step toward balancing their budgets. We must prevent our politicians from creating legislative barriers which keep



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Bagni di Lucca	Fermo	Nardo	Sant' Antiocho
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Biadeglie	Fossano	Orvieto	Siracusa
Bitonto	Frascati	Orzinuovi	Spello
Bologna	Frosinone	Ostuni	Squinzano
Bolzano	Galliano	Paganì	Tagliacozzo
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Bosa	Gavi	Pallanza	Termini Imerese
Bra	Genoa	Parento	Terranova di Sicilia
Brescia	Giugliano in Campania	Perugia	Tivoli
Cagliari	Gravina	Pes. ina	Torre Annunziata
Caltagirone	Greve in Chianti	Piadena	Torre del Passeri
Campore	Grosseto	Pietrasanta	Torre Pellice
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American Representative

RODOLFO BOLLA, 1 Wall Street, New York

foreign goods from our markets, thereby preventing some adjustment of trade balances.

As a most important step toward economic adjustment, the United States Government must find means for the redistribution of gold to foreign governments to reestablish them on a gold standard with units fixed in relation to gold, as it is difficult to conceive of a stabilization of exchanges solely through importation of goods into the United States, unless such distribution of gold is effected.

Not so very long ago our business interests were looking forward in hopeful expectation toward a realization of the proposed \$100,000,000 Foreign Trade Finance Corporation, which, however, did not materialize.

While at the present time our National banks, trust companies and similar institutions must be depended upon to supply the needful facilities for our foreign traders, who recently have been either forced to curtail their business or find financial support in England, it does not seem a good policy to let financing of foreign trade come within the province of commercial banks, broadly speaking, not qualified to engage in that line of activities, who should more correctly center their endeavors in directions which afford the greatest possible protection to the funds which their depositors have entrusted to them.

I am much in sympathy with the ideas advocated by some of our eminent men in the banking profession and their endeavors toward an effective realization of efficient means for maintaining the foothold which in recent years our country has gained in the foreign field and which it has, more recently, been gradually losing. One of these gentlemen contemplates an international gold dollar bank.

Since many of the European countries have already adopted the American dollar in addition to the pound sterling as a standard for their trading, it would seem that beyond the endeavor of helping an unfortunate situation, the suggestion has not much



ROMAINE A. PHILPOT

Mr. Philpot is a pioneer as a supporter of bankers acceptances, and is an international banker of many years experience. He organized and was for many years chairman of the Bankers Forum, New York, membership of which comprises bank officers who during the winter months hold dinner meetings for the discussion of economic and financial subjects.

merit. Comptroller Crissinger offers his proposed International Trade Bank toward a solution of finding an outlet for our surplus production, but if, instead, we would create many international trade banks, principally in New York City, on lines very adequately provided for by present laws, banks essential creditors of bankers acceptances, directing their efforts primarily toward development of dollar credits for the financing of the movement of commodities to and from foreign countries and also toward needful finance bill activities, incidental to foreign trade for the purpose of creating dollar exchange, banks having their independent capital, no responsibility to depositors, and therefore, if need be, may assume somewhat increased but in any case conservative risks, our country may still bring to an effective real-

ization a continuance to share financial honors with Great Britain. Such financial institutions, however, should be under the management of executives who are experienced international bankers, not international bankers that have been created over night.

One hears expressions that the deflation was too precipitous and heavy losses by banking institutions were, therefore, unavoidable. But there were some, a very few it is true, who passed through this period of deflation not only unscarred but with substantial profits. A young successful American banker, English trained, whose name, I venture to predict, will soon become synonymous to axiom of international finance, during one of his recent addresses on South America, described his policy in the following words: "The policy which England adopted, that of acting as foreign bankers—moving the produce and merchandise of the South American countries—thus always keeping the capital so liquid that it can be easily withdrawn and giving the banker the call on the free capital of the countries involved."

This policy may be effectively applied to domestic banking as well as to foreign banking. It comprises a sententious truth, which, in concluding, I would recommend to your earnest meditation.



Great Britain

THE FINANCIAL AND ECONOMIC SITUATION

The debt owed to Great Britain by her European allies totals £1,703,336,302 and has increased £327,270,302 since the date of the armistice. The official detailed figures issued by Hilton Young, financial secretary to the British Treasury, were recently received by the Bankers Trust Company, New York, as follows:

Owed to	At	Present	
Great Britain	armistice	debt	Increase
By	£1000	£1000	£1000
France	425,671	572,524	146,853
Russia	567,892	567,892	
Italy	355,050	502,074	147,024
Belgium (reconstruction)		9,000	9,000
Belgium (Congo)	2,251	3,550	1,299
Rumania	15,710	22,112	6,402
Greece	500	7,710	7,210
Portugal	8,992	18,472	9,480

ECONOMIC DEVELOPMENTS

On the subject of recent economic developments and the outlook for the future, the current letter of the London Joint City and Midland Bank, London, says:

The statistics relating to trade union unemployment and the number of workpeople on the live registers of the employment exchanges indicate a slight improvement in labor conditions since last November. It is to be feared that little, if any, of the improvement registered during the past few months will be maintained owing to recent developments in the engineering and ship-building world. While the far-reaching effects of the recent coal stoppage will probably not attend this latest trouble, it cannot fail to be injurious in its consequences.

It is the more regrettable that such difficulties should occur at the present time, when a slight improvement in trade conditions was becoming noticeable after months of depression, for any permanent recovery in trade will not be easy to achieve. The individual countries of the world, whether devoted to manufacture or the production of food-stuffs or raw materials, have suffered in common for nearly two years from the breakdown of Europe and its consequent elimination as a factor in world trade.

Here in Great Britain, essentially a manufacturing country mainly dependent upon export trade for the maintenance of its population, we have suffered severely from the world's reduced power of consumption, and until our coal and manufactures can be exchanged for raw materials and food-stuffs in volume not less than in 1913 the community's general standard of living must compare unfavorably with that attained in pre-war days.

TRADE RECOVERY INVOLVES DEBTS ISSUE

Unfortunately the recovery of our export trade is dependent not only upon the restoration of the world's power of consumption and production, which, in view of changed conditions and habits, is an uncertain factor, but also upon developments connected with the settlement of international indebtedness.

Should reparations be exacted on such a scale as to involve the maintenance of a standard of life in Germany lower than elsewhere, a necessary condition if German goods are to be sold below world prices, Great Britain and other manufacturing countries will be faced during the period of the indemnity payment with restricted foreign markets and consequent unemployment.

Hitherto unemployment in this country has resulted largely from the world's inability to buy from us or indeed from anyone; in the future a high level of unemploy-

ment is not unlikely to be maintained by the world's disinclination to buy our goods in competition with the cheaper foreign article.

MARCH FOREIGN TRADE

Following are the Board of Trade figures for March foreign trade. Total imports, £87,879,000; exports of British products, £64,580,000; re-exports of foreign merchandise, £10,150,000; total exports, £74,730,000; excess of imports, £13,140,000.

Compared with February, 1922, the above statement shows the following changes:

Exports of British products	increased	£6,244,890
Re-exports, foreign goods	decreased	24,160
Total exports	increased	6,220,730
Imports	increased	18,495,118
Excess of imports	increased	12,274,388

Compared with March of 1921, the changes are as follows:

Exports, British products	decreased	£2,228,961
Re-exports, foreign goods	increased	1,261,995
Total exports	decreased	966,966
Imports	decreased	5,871,654
Excess of imports	decreased	4,904,688

The trade for March, 1922, compares as follows with March, 1921, and March, 1920:

Excess of imports—	March, 1922	March, 1921	March, 1920
Exports, British products—			
	£64,580,000	£66,808,961	£103,699,381
Re-exports, foreign goods—			
	10,150,000	8,888,005	27,031,357
Total exports—			
	£74,730,000	£75,696,966	£130,730,738
Imports—			
	87,870,000	93,741,654	176,647,515
	£13,140,000	£18,044,688	£45,916,777

The trade for the three months ended March 31, 1922, compares as follows with the same period of 1921 and 1920:



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	1922	1921	1920
Exports, British products—			
	£186,062,059	£227,786,786	£295,543,420
Re-exports, foreign goods—			
	28,783,026	26,847,427	75,099,623
Total exports—			
	£214,845,085	£254,634,213	£370,643,043
Imports—			
	233,733,113	307,766,148	530,572,455
Excess imports—			
	£18,888,128	£53,131,935	£159,929,412

In the same three months of 1914 British exports were £133,586,000, re-exports £29,362,000, imports £197,003,000 and excess of imports £34,055,000.

Exports of British products since the beginning of the year compare as follows:

	1922	1921	1920
March	£64,580,000	£66,808,961	£103,699,381
Feb.	58,333,110	68,221,731	85,964,130
Jan.	63,140,000	92,756,094	105,879,909

Banque Nationale Francaise Du Commerce Extérieur

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The bank was organized in 1919 to perform in France all operations connected with foreign trade; in foreign countries and in the French Colonies and Protectorates all usual banking transactions, especially those connected with Exports and Imports.

Imports during the same period compare as follows:

	1922	1921	1920
March	£87,870,000	£93,741,654	£176,647,515
Feb.	69,374,882	97,010,461	170,434,526
Jan.	76,480,000	117,050,783	183,342,988

For the same period the monthly excess of imports, after allowing for imported merchandise re-exported, compares as follows:

	1922	1921	1920
March	£13,140,000	£18,044,688	£56,916,777
Feb.	865,612	20,784,427	61,866,607
Jan.	4,890,000	14,389,568	51,998,602

The British foreign trade in March makes the following comparison with March of 1914:

	March, 1922.	March, 1914.
Exports, British products	£64,580,000	£44,518,661
Re-exports, foreign goods	10,150,000	9,536,295
Total exports	£74,730,000	£54,054,956
Imports	87,870,000	66,947,315
Excess of imports	£13,140,000	£12,892,359

France

FINANCE AND TRADE

The French "Credit National" during the month of February, made 221,109 payments totaling over 550,000,000 francs to inhabitants of the devastated regions for indemnification and reconstruction purposes, according to advices received by the Bankers Trust Co., New York.

The total of payments made by the "Credit National" to the end of February was approximately 10½ billion francs, as follows:

February, 1922.	Number of payments	Amount in francs
Payment on account of war damages	102,859	261,854,808
Interest payments on account of war damages....	87,970	
Cash advances	30,280	294,442,999
Total for February	221,109	556,297,807
Total payments made by the Credit National, up to February 28, 1922.....	3,134,569	10,492,731,256

At its last session, the Board of Administration authorized further loans to commerce and industry in the North of France, amounting to 7,320,000 francs. The net total advanced for business purposes to residents of the invaded area now amounts to 286,953,506 francs. This sum represents ordinary business loans not to be confused with the advances made by the Credit National to people having a right to indemnification from the French Government, for war damages.

BANK DEPOSITS

Deposits in the large French banks were but slightly affected in 1921 by unfavorable economic conditions. Statistics indicate that bank deposits and creditor accounts were generally maintained at the previous year's level and in some cases were even increased.

The following detailed figures of four of the largest French banking institutions show an increase of ninety million francs in their deposits and creditor accounts during 1921 as compared to 1920.

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	1920 Francs	1921 Francs
Credit Lyonnais	4,449,215,245	4,567,353,051
Societe Generale	4,859,051,640	4,966,463,350
Comptoir National	3,531,515,578	3,340,838,246
Credit Industriel	390,808,689	445,423,171
	13,230,591,152	13,320,077,818

Cash on hand and quick assets held by these banks increased by 773 million francs in 1921, leaving a margin at the close of the year between total quick assets and current liabilities of approximately 1700 million francs compared to about 2400 millions in 1920.

The comparative figures are:

	1920 Francs	1921 Francs
Cash on hand and in other banks	1,571,027,816	1,298,332,381
Quick assets including sight drafts and National Defence bonds	9,261,069,967	10,307,534,268

A second category of assets speedily convertible, and more than balancing the difference between quick assets and current liabilities, included overdrafts, guaranteed advances and loans. They were as follows: 1920, overdrafts, 3,158,956,901 francs, guaranteed advances and loans, 734,805,949 francs; 1921, overdrafts, 2,572,378,979, guaranteed advances and loans, 604,845,111.

While their cash on hand decreased in 1921, this decrease was largely counterbalanced by the banks' increased holdings of commercial paper and of National Defence bonds discountable in the Bank of France.

IMPORTANT BANKS DECLARE DIVIDENDS

At the annual stockholders meeting of the Banque de Paris et des Pays Bas, one of the largest financing institutions

in France, an annual dividend of sixty-five francs per share was declared for 1921, the 1920 dividend having been fifty francs, according to a cable to the Department of Commerce at Washington. The Credit Foncier, France's great mortgage bank, declared a dividend of forty-five francs per share. The balance sheet of this organization shows assets and liabilities at 8,700,000,000 francs. Important items are: Communal loans, amounting to 1,200,000,000 francs; mortgage loans, 135,000,000 francs; subscriptions to Bons de la Defense Nationale, 2,000,000,000 francs. The rate of interest charged on mortgage loans is 8.25 per cent. It is stated that the Board of Directors of the Credit Lyonnais will recommend a dividend of seventy francs per share, the same as that for last year.

COAL AND IRON ORE PRODUCTION

Industrial conditions have shown no important change during the past month. Coal production for January, the latest available estimate, amounted to 2,600,000 tons, or practically the equivalent of the December, 1921, production. Iron ore production totaled 541,000 tons during February, as compared with 527,000 tons in January.

BUILDING OPERATIONS

Due to the lack of new construction, the housing problem, particularly in Paris, has become very acute. The number of building operations in Paris during 1921 totaled only 893, as compared with 967 for 1920, an annual

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average of 535 during the war period, and 2247 annually in the three years immediately preceding the war. A law has been promulgated as of April 1, in which the respective rights of landlord and tenant are stated.

MARCH FOREIGN TRADE

Figures for French foreign trade during March show increases in totals of both imports and exports, with values at an approximate balance, according to cabled advices to the Department of Commerce from Commercial Attache Huntington, Paris. The volume of imports increased 7.4 per cent. and of exports three per cent. over February. Raw material imports totaled 3,800,000 metric tons, valued at 1,000,000,000 francs, an increase of 4.6 per cent. in volume and a decrease of 11.6 per cent. in value as compared with the previous month. Exports of manufactured articles amounted to 1,200,000,000 francs, or 6.5 per cent. more than in February. Import values are based on importers' declarations; export statistics continue to be estimated in accordance with the official values fixed by the Permanent Customs Appraisal Commission for 1919. The following are totals for February and March (the latter in round numbers):

Months	Metric tons	Francs
Imports		
February	4,127,000	1,847,026,000
March	4,400,000	1,900,000,000
Exports		
February	1,519,880	1,853,312,000
March	1,600,000	1,900,000,000

Italy

CONDITIONS STATIC

The entire interest of Italy is centered on the Genoa conference, says a cable to the Department of Commerce at Washington. In general, press comment on the announcement of the Russian-German agreement is favorable, but without effect on the stock market which remains dull.

GOVERNMENT REVENUES

Government revenues for March (758,000,000 lire) show a decrease as compared with the preceding month but a considerable increase over the same period in 1921. Some improvement is shown in the note circulation, and lira exchange after reaching new levels fell back to 5.27 on April 28. A sensible revival in investments took place in February as compared with January representing a net increase of capital aggregating 250,000,000 lire.

PLANTING DELAYED

On account of bad weather, plantings have been delayed and it is probable that owing to the drought which has prevailed in northern Italy, grain purchases will continue during the current year. Cereal prices at present show a tendency downward.

Cotton buyers are reported to be waiting for lower prices. Following the increased activity of the middle of March, the silk market is again dull.

Total unemployment in Italy on

March 1, fell to 576,284, a reduction of 30,535 during the month of February. This improvement is due largely to increased activity in agriculture. In the Fiat factories, beginning April 4, the working hours in the week have been reduced from forty-eight to thirty-two, which is regarded as a temporary measure. Prices continue to fall rapidly. The Bachi index of wholesale prices, based on the average price in 1920 of seventy-six commodities, has registered successively 95.27 in November 1921, and 92.44 in January, 90.1 in February, and 85.43 in March of this year.

COAL IMPORTS


Imports of coal for March totalled 2006 tons from the United States, 614,000 from the United Kingdom, and 260,000 from Germany. Following the strike of the port laborers a large quantity of coal has accumulated at Genoa causing a decline in prices although British prices are firm on account of the American strike. Since the beginning of the year work has been resumed in a number of industries, including cement and glass which has resulted in a heavier demand for coal confined mainly to engine coal and Scotch nut coal.

Germany

THE FEDERAL BUDGET

"The budget estimates for the year 1921-22, on account of the immense depreciation of the mark during the course of the year, had twice to be completely remodelled," says the *Foreign News* of the Bankengemeinschaft Darmstadter - Nationalbank. "Finally, in spite of every endeavor, of increase of taxation, customs and duties, of gold super-tax on customs, etc.," continues the article, "the Government found itself face to face with a deficit of 165 billion marks, which amount had to be transferred to the floating debt." The *Foreign News* says further:

It is to be hoped that the budget estimates for the financial year 1922 will be preserved from a similar fate, but under existing circumstances the possibility of



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comprehensive alterations cannot unfortunately be disregarded.

SUBDIVISION OF BUDGET

The Federal budget is divided into three parts: general administration (including the national debt service), the public works (railways, postal, telegraph, telephone service, etc.), and the fulfilment of the Peace Treaty. The requisitions are for:

	approximately billion marks
General administration	91.65
Public works administration.....	98.00
Fulfilment of the Peace Treaty.....	187.50

The total expenditure, according to the estimates, amounts, therefore, to approximately377.15

1. In the public works administration budget, which, for various reasons, during the last years has afforded exceedingly unfavorable results and which to the extent of deficits amounting to many billions of marks fell on the shoulders of the state, the principle of the current expenditure being borne by the works administration is to be strictly observed. Accordingly the revenue, through raising the tariffs, will be adapted to the



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necessary amount with which to meet the expenditure.

For the same object in view, the passenger and goods tariffs on the Federal railways have several times been considerably raised during the last nine months, and further augmentations are contemplated. The same applies to the post and telegraph administrations, and to the—incidentally, less important—Federal printing office. The current expenditure for the Federal railways and for the post and telegraphs administration amounting to about seventy-two and 16.25 billion marks respectively, is to be met by revenue itself.

The extraordinary expenditure amounting to about 6.8 billions for the Federal railways and 2.5 billions for the post and telegraph administration will have to be covered for the greater part, however, by loan.

2. The general administration requires 86.07 billion marks in the ordinary budget and 4.95 billion marks in the extraordinary budget. The latter is to be covered by a loan of 3.1 billion marks, while the ordinary budget of the general administration shall, according to the estimate, produce a surplus of about 16.5 billion marks. This surplus shall be allocated to defray part of the costs of the fulfilment of the Peace Treaty.

As, however, there is no further revenue at the present moment which can be devoted to defraying the payments due under the Peace Treaty which are estimated at 187.5 billion marks, there will remain on this account a balance of 171 billion marks still uncovered.

Thus, out of the total amount of about 377.15 billion marks of the entire expenditure, nearly one-half, amounting to about 183 billion marks, would have to be raised by loan.

SOURCES OF REVENUE

In addition to the revenue from the public works administration, the budget estimate anticipates the following:

	billion marks
Tax on property and traffic.....	71.17
Customs and tax on consumption.....	25.46
Other taxes	1.84
Income from various sources.....	4.74
Total	103.21

i. e. nearly 100 billions have to be raised from taxation, customs and duties.

The sum of approximately 100 billion marks—to be more accurate, 98.47 billions—is to be raised from thirty-three different sources, of which only the following, being the most important ones, need be mentioned. There is estimated to come from

	billion marks
Customs	7.00
Coal tax	10.15
Tobacco tax	3.50
Beer, brandy and wine	3.75
Sugar	1.00
Income tax	23.00
Corporation tax	4.00
Umsatzsteuer (turn-over tax)	24.50
Tax on capital transactions.....	2.35
Passenger and goods traffic tax.....	2.60
Capital revenue tax	1.53
State emergency levy	8.00
Tax on increase of capital	3.00

Thus it is seen that by far the greatest part shall be provided from the above thirteen sources, which together produce

93.98

In addition, it is intended to float an internal forced loan to the amount of one billion gold marks, out of which the enormous deficit will at least be partly covered. In order to meet the balance of the deficit a new issue of bank notes would be inevitable.

Belgium

INDUSTRIAL CONDITIONS IMPROVE

Industrial conditions tend to become somewhat more stable, according to a cable to the Department of Commerce at Washington. Wholesale prices are continuing their downward course, and the major industries have shown some improvement.

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Foreign Exchange

Letters of Credit

Cable Transfers

PROVISIONAL CREDITS VOTED

Owing to the probability that the current budget (1922) will not be finally passed before June, it has been necessary for the Parliament to vote a second set of quarterly provisional credits totaling 1,117,296,200 francs. Aside from the expenses for various departments, this credit includes 399,675,000 francs for the operation of State railroads, and 26,751,000 francs for the liquidation of government supply services and maintenance of the frozen meat monopoly. Provisional credits voted earlier in the year totaled 1,799,523,000 francs.

BANQUE NATIONALE CIRCULATION

The note circulation of the Banque Nationale was 6,243,763,000 francs on March 23, compared with 6,259,131,000 francs on February 23. The ratio of metallic reserves to note circulation on March 30 stood at 4.8 per cent., metallic reserves plus foreign and domestic portfolios were twelve per cent. of the

combined note circulation and private deposits.

WHOLESALE PRICES LOWER

Wholesale prices at the end of February showed an average reduction of three per cent. for the month, the downward movement being most marked in textiles and glass manufactures.

Owing to the low temperature and lack of moisture during March, all crops are about three weeks behind normal, wheat and barley being the most seriously affected. High prices and the shortage of forage are discouraging stock raising, and few cattle are being bought for fattening. Increased native pork production is diminishing the sales of the American product.

UNEMPLOYMENT DECREASED

The number of unemployed in Belgium on March 1, was 74,849. Of this total 42,749 were wholly idle, as compared with approximately 49,000 a month previous, and 32,100 were on part-time, as against 36,000 on Feb-

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ruary 1. The general situation is better, with improvement being most marked in the steel, glass and construction industries. The Flanders region has shown the greatest improvement, due largely to the fact that the revival of the textile industry in northern France has resulted in the emigration of considerable numbers of idle Belgian hands.

Switzerland

LOW BANK RATE EXPLAINED

The fact that the Swiss bank rate is the lowest of any market in the world and yet that Swiss exchange is at a premium in London, Paris and even New York, continues to attract attention, says a cable to the *New York Times*. It is explained by the immense quantities, both of foreign credits belonging to Germans, Austrians, French and Italians, also of foreign stocks similarly owned, which have been de-

posited in the Swiss banks for safe keeping.

Interest accruing on all these credits is remitted from other foreign countries to Switzerland, and the greater part of such accrued interest is left on deposit with the Swiss banks. It thus not only goes to swell the available fund of capital in Switzerland, but makes that country the creditor of the countries on which the bills are drawn or by whom the securities were issued. It is this abundance of deposits which is the real cause for the $3\frac{1}{2}$ per cent. bank rate.

Austria

THE QUESTION OF CREDITS

The March letter of the Anglo-Austrian Bank, Vienna, makes comment on the question of credits for Austria as follows:

It will soon be a year since the delegates of the League of Nations have stated that Austria could be saved from a catastrophe,

if she received in accordance with a fixed scheme, credits and if she used such credits in a reasonable and economic fashion.

This statement of the delegates was accompanied with the assurance that such credits should be granted if possible, and that certain recommendations should at the same time be made to the Austrian government as well as to the political parties in Austria as to the premises necessary for the granting of such credits.

PART PAYMENT FORTHCOMING

Now after almost a year has passed, the liquidation of advance payment of comparatively moderate amounts on the foreshadowed credits is approaching and Austria will after a long period of waiting, receive a part of those funds which are to enable her to exist. Nobody here has foreseen or could have foreseen that so long a period would elapse between the establishment of these principles of political economy and their being put into practice.

This explains, why great changes in the economic and monetary situation of Austria have come to pass during this year, changes which could not or could only be very little impeded even by the energetic measures taken by the Austrian government, in accordance with the scheme drawn up by the League of Nations. It may, however, be advisable to consider that during this period something else happened which could not be foreseen in March, 1921.

THE DROUGHT IN 1921

Almost the whole of Europe was visited in 1921 by a drought the consequence of which was a shrinkage of all crops, constituting a rare misfortune and culminating, especially in Russia, in a real catastrophe. It will probably never be possible to prove by statistics in how far this drought has disturbed and retarded the recovery and the re-establishment which had started after the war and how much damage has been done to the natural development of Austria whose welfare depends to such an extent on the good crops in the mainly agricultural countries to the south east and east of her.

DEPENDENT FOR YEAR ON OWN RESOURCES

Thus almost all unfavorable and unforeseen factors have combined to make Austria depend almost for a whole year on her own resources, recognized in all quarters as insufficient; there remained indeed no other way to avoid a collapse than the deterioration of the currency, a way which, of course, could not be followed for any length of time.

The deterioration of the currency which, after this explanation, will be readily understood, has therefore taken greater and greater proportions. It necessarily came to

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a point where these methods could have no effect and the catastrophe appeared in all its nakedness. This catastrophe which would have been out of all proportion with the inconsiderable means by which it could be prevented, would have been accompanied by consequences the importance of which for the neighboring countries and even for the whole of Europe could not be gauged.

CATASTROPHE AVERTED BY ADVANCE PAYMENTS

This catastrophe has now been averted for some time to come by the granting of advance payments on the credits and this is the great importance of these advances, an importance which cannot be rated highly enough. It is apparent that the plan of the League of Nations to provide credits for Austria against certain sufficient securities, is still upheld, but that its execution has suffered and will still suffer some delay the cause of which is to be found in the complicated and difficult international relations.

The removal of these difficulties is now seriously taken in hand and in the near future a basis of international law will have been provided which will permit governments not only in exceptional cases as the

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A general Banking business with Roumania is conducted, and correspondence from those having interests in that country is invited.

present, to grant credits from government to government, but there is a prospect that those much more important relations will be opened up which will allow industrialists and merchants abroad, to participate in or even grant themselves credits to Austrian firms on a purely commercial basis. In view of these prospects it was merely a question of economic necessity that exceptional measures were taken to provide advances to Austria in order to prevent her useless, unnecessary and dangerous collapse.

**BUSINESS WILL WELCOME CHOICE OF
THIS METHOD**

Every business man will welcome with satisfaction the choice of this method at last; the fact that the fears of impending calamity not imaginable to our mind, have been quite calmed and that measures for the near future are being projected which will avert the return of such anxiety. Nature may, of course, do its share to still improve the situation. One or two good crops in Europe and especially in the East and South-East of Europe would do more than all credits to make the basis of Austria's existence still firmer.

Scandinavia

THE INDUSTRIAL SITUATION IN SWEDEN

"The industrial situation is, broadly speaking, unchanged", says the current quarterly report of the Skandinaviska Kreditaktiebolaget, which says further:

The manufacture of foodstuffs, clothing and boots has, in general, been carried on under tolerably favorable conditions, whilst the production of goods other than real articles of consumption has been greatly restricted. Negotiations between employers and workers concerning wages have in sev-

eral branches of industry broken down without resulting in the renewal of collective agreements. Unemployment has decreased but, nevertheless, is stated to comprise, at the end of February, 1922, more than 155,000 persons.

THE TIMBER MARKET

At the beginning of 1922, the unsold stocks of wood-goods were estimated at about 750,000 standards, as compared with 900,000 standards at the beginning of 1921. At the beginning of March, 1922, about 175,000 standards had been sold during the year, as against merely 40,000 standards at the same time last year. Before the war, however, the sales at this season figured at about 400,000 standards. Thus, if a certain improvement in the situation may be noted in comparison with 1921, it is still a far cry to normal sales.

The export of timber in 1921 took place chiefly during the latter part of the year. The total amounted, in round figures, to 540,000 standards, or only forty-nine per cent. of the shipments in 1913. Whether the 1922 shipping season will be more favorable will depend largely on the demand in Great Britain, which country is the biggest market for Swedish timber and in 1921 took about half of the Swedish exports.

Up to the present, the British purchasers have adopted a waiting attitude, in contrast to their former custom of making early purchases and fetching their cargoes on first open water. The reason, of course, is the reduced consumption in England, in conjunction with the hope of falling prices. Seeing that prices have been steadily rising since August, 1921, reductions of prices are considered in timber export circles here to be unlikely.

BANK LOANS

The amount by which the bank-loans to the public in Sweden (exclusive of rediscounting in the Riksbank) exceeded the deposits, on February 28, 1922, was 602 million kronor, or approximately the same as

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Capital and Reserves

M 1,200,000,000



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Hamburg — Altona — Harburg

Capital and Reserves, M 83,000,000

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A. SCHAAFFHAUSEN' SCHER BANKVEREIN A.-G.

HEAD OFFICE COLOGNE.—Numerous Branches in Rhineland and Westphalia

Capital and Reserves, M 130,000,000

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Representative for the United States—A. KOEHN, 25 Broad St., New York

on February 28, 1913, when the corresponding figure was 598 million kronor. At the same time the bank-funds had increased in round figures, by 450 million kronor, and the rediscounts in the State bank by 346 million kronor. The reduction which has set in since the beginning of the year is to some extent due also to recent writing-off of capital.

Japan

DEFLATION BEGINS

The expected recession in prices and living costs in Japan has begun, says a cable to the Department of Commerce at Washington. Bank rates have been raised and a tighter money market is bringing about deflation. Minor failures are occurring, although there is every indication that the process will be gradual. Prices of securities have declined during the past month and savings deposits and bank clearances have increased. The stock market is dull and declining. This development is one that will do more to bring Japan into line

with the general world level of prices and, incidentally, with costs of production, than any other single condition. If the downward movement is not too violent it should be welcomed as a harbinger of better times.

IMPORTS AND EXPORTS

Exports during March were valued at 114,800,00 yen and imports at 205,400,000 yen. The exports represent a gain of 13,700,000 yen over the exports of the preceding month and a gain of 27,593,000 yen over the low export record of January, 1922. Imports in March represent a gain of 9,300,000 yen over the abnormally high imports of the preceding month and a gain of 26,596,000 yen over imports in January, 1922. As compared with March, 1921, exports during March, 1922, show a gain of 20,695,000 yen and imports a gain of 68,447,000 yen.

The unfavorable balance for the first quarter of the current year, preliminary figures, is 277,137,000 yen as compared

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CORRESPONDENCE IN ALL LANGUAGES INVITED

with 115,591,000 yen for the first quarter of 1921.

The unfavorable balance of the first quarter of the current year, preliminary figures, was 277,137,000 yen as compared with 115,581,000 yen for the first quarter of 1921.

Conspicuous increases in imports during March occurred in raw cotton, rice, dyes, oilcake, wool, paper. Rice and oilcake continued to be imported in increasing quantities during the first half of April. Notable decreases in imports during the first half of April occurred in raw cotton, sugar, wool, dyes and pig iron.

The export trade during the month ended April 15 registered gains in cotton yarn and cotton textiles. This is somewhat encouraging, in view of the long continued depression in the cotton yarn industry. There is reported considerable activity among Japanese cotton mills in China. Several prominent companies are installing spindles in factories in Shanghai and plans are under

way for the extension of Japanese cotton mills in Tsingtau.

Matches, also, were exported in increasing quantities during the month ended April 15. During the same period there were noticeable decreases in exports of raw silk, silk textiles, coal and sugar.

Imports of bullion during March were valued at 74,000 yen as compared with 27,000 yen the preceding month and 69,000 yen in January of this year. Imports of bullion in March, 1921, exceeded 20,776,000 yen. The course of imports of bullion has been steadily downward throughout 1921 and has been relatively insignificant during the three months of 1922.

GOLD HOLDINGS

Gold holdings at the end of March, preliminary figures, were 1,920,000,000 yen as compared with 1,979,000,000 yen at the end of February and 2,038,000,000 yen at the end of January of



Banking Service in the Far East

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Karachi
Madras

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Yokohama

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this year. The combined gold holdings of the Government and the Bank of Japan declined during 1921 from 2,183,000,000 yen in January to 2,080,000,000 yen in December. The combined holdings held at home increased from 1,137,000,000 yen in January, 1921, to 1,225,000,000 yen in December, but the combined holdings held abroad experienced the sharp decline from 1,046,000,000 yen in January to 855,000,000 yen in December, 1921. The general condition of Government finances, however, is somewhat more favorable than a month ago.

STOCKS OF MERCHANDISE

Stocks of merchandise are generally greater now than at the same period of last year. Due to the overstocked market, demand is dull in numerous commodities, among them, dyes, lumber and metals. The rice market remains dull and declining.

Prices of imported staples generally

are ruling lower than a month ago. Prices of Japanese manufactured products are also somewhat lower than last month and reflect the tendency towards deflation.

COST OF LIVING

The cost of living declined about one and a half per cent. during March. It had declined in February about 1.08 per cent. from the January level. The index number of average wholesale prices in Tokyo for January stood at 271.63, as compared with 276.95 in December, 1921, and 283.29 in November, 1921. The principal decreases during March were in rice, wheat, silk, coal, and cotton yarn. The chief advances were in copper, flour and cement.

LABOR CONDITIONS

The unrest and strikes which have been prominent for some months are decreasing. Unemployment continues to be much in evidence. A general lower-

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Reserve Frs. 6,220,945

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BRUSSELS ——— OSTEND

CORRESPONDENTS
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ing of wages seems to be in progress. This is a normal evidence of the attempted deflation. It is quite certain, however, that nothing definite has been accomplished towards a permanent solution of the labor question.

Argentina

SOME FINANCIAL ASPECTS

BY OWEN ROBERTS

Anglo-South American Bank, Ltd.

A country whose yearly imports aggregate \$881,000,000 gold, and whose exports exceed \$1,031,000,000 gold must obviously possess no mean financial importance. The volume of business arising out of the settlement of these debts alone would give it a high place from a monetary standpoint, quite apart from the transactions of a more or less speculative nature which are always taking place, and from which no money market is wholly free.

Every year that passes the position of Argentina from the point of view of world trade becomes increasingly important. Figures published a few months ago by one of the leading English reviews go to show that in the eleven years preceding 1912 her imports rose by 237.7 per cent. and her exports by 187.0 per cent. In the same period the value of her foreign trade increased by 207.4 per cent. These figures need no further comment, they are sufficiently eloquent in themselves. Among the sister states of South America, including Brazil, Chile, Peru, Uru-

guay, and Bolivia, there is not another country which has increased in the same proportion.

This same progress is reflected in the state of the country's finances and the soundness of its currency. In December of 1921 the monetary circulation in Argentina was \$1,362,563,000 paper. The gold backing for this large paper issue was held at the Caja de Conversion and at various Argentine Legations, and amounted to \$480,600,000 gold; that is to say, 80.16 per cent. of the total issue. With such a high percentage of gold to paper as this, it is not surprising that American financiers experience little or no difficulty in floating a loan in New York when the Argentine Government is in need of funds.

As far as this Republic is concerned the greater part of the financial operations—certainly those of any importance—are made through Buenos Aires. In hourly cable communication with London, Paris and New York, it is possible for exchange operators at this end to follow closely the movements and fluctuations on the various bourses, and, at times, to conduct arbitrage operations when it is found more profitable at the moment to buy or sell exchange abroad than to do so locally. Transactions of this nature, however, are usually attended with a certain amount of risk. Time and distance are two elements which play a great part in the success of the particular operation. With continental cities the advent of international telephones and wireless systems has reduced these risks to a minimum.

One interesting feature wherein Bue-

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Capital paid up . . .

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(\$0.50=1 Yen) . . Yen 100,000,000

. . Yen 100,000,000

. . Yen 57,000,000

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nos Aires differs from many other large cities is in the absence of an official bank-rate such as we know it. The Bank of the Nation has its own rate of discount, but there is no obligation on the part of other banks to fall into line with it, and in practice they fix their own rates, which naturally vary with the standing of the client whose paper they are handling.

The potentialities of this great country awaiting development are enormous. It is only on the fringe of its possibilities so far. Capital is the one thing needed to increase its prosperity. Vast tracts of land have still to be brought under proper cultivation. In a journey into the interior one sees on all sides league after league of camps given over to cattle-raising, and often the sole inhabitants to be seen in extensive areas are just herds of cattle that roam at will.

It is not in agriculture alone that Argentina has a great future. Extensive borings are now being conducted in

various parts of the country to locate fresh oil fields which are believed to exist, and if these investigations should come up to expectations it is by no means a remote possibility that she may yet prove to be one of the principal oil-producing countries in the world.

Russia

THE ATTITUDE AT GENOA

"If the Genoa conference had done nothing else it would be entitled to recognition for its success in developing the truth about the most important aspects of the Russian situation", remarks the *New York Journal of Commerce* in a recent editorial, which makes further comment as follows:

Lloyd George said in announcing his plans for the conference that what was fundamentally essential was the establishment of a working basis both with respect to Russia and with regard to Germany. Such a working understanding or arrangement both between, and with regard to, these two

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. " 5,972,500.00

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New York: National City Bank, The Equitable Trust Co. and Irving National Bank

Paris: Comptoir Nat'l d'Escompte
Australia: Bank of New South Wales
Shanghai: Bank of Canton, Ltd.
Chicago: Continental & Commercial Nat'l Bank
Japan: Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

countries is unquestionably essential. And the conference has outlined what it must be in so far as regards Russia.

Spokesmen for the Soviets now assert with entire frankness that what Russia needs and must have is outside capital. The nation cannot make progress—cannot even maintain its existence—upon the basis which has heretofore prevailed. The Allies reply that Russia can get the capital she needs only in the event that certain assurances are given and certain debts recognized. There is an evasiveness in Russia's answer on these points—a failure to meet the issue frankly which cannot pass unnoticed. It will be inevitable that a definite understanding be developed on the whole question of her attitude.

Meantime, however, Chicherin, the discredited representative of the Red government at Petrograd, states one obvious fact in the situation. Russia has nothing with which to pay, and it will be long ere she can look forward to having anything. She must recover her power to produce, her power to feed her own people before she can export or pay anything to anybody. Meanwhile, to pretend to recognize her debts, to undertake to settle them on the prewar or any other basis, would be mere hypocrisy. It would be forcing upon Russia the same status that has been forced upon Germany. There need be no sentiment in the matter.

Few are worrying about the financial vasalage of Germany or Russia. What they are recognizing is that the present situation is not a good one for the general wellbeing of the world at large and especially of Europe.

Nor are the counsels of despair of some of the "financiers" who are now writing from Genoa of much service. One of these "experts" states the opinion that after all, it does not much matter what is the immediate outcome as to Russia, in so far as regards the rest of the world. That is because of the fact, according to him, that Russia's share was never more than about three per cent. of the world's entire foreign business. This is a shortsighted view to take of the European situation. National trade volume cannot be isolated in this way. National economic life is a unit and must be treated as such. It is essential that there be a restoration of normal trade relations with both Germany and Russia. The effort to make either or both countries pay at once more than they can actually control in the way of surplus goods is destined to be a failure.

The Genoa conference is demonstrating more and more the necessity of coming to an understanding of the actual facts regarding world economics and of guiding national policy in accord therewith. There is no use in pursuing much further the



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French attitude of intransigence. Insistence upon the steady and continuous performance of the impossible—the collection of indebtedness which cannot be paid today or for years to come—may as well be abandoned. Russia furnishes the most extreme example of the course of action which is forcing itself upon the world at large. The time has come to get away from imagination in international obligations and to face the actual conditions as they are. Debt cancellation is not pleasant, nor is recognition that a given country has been ruined and its resources completely exhausted by its selfish rulers. It is better, however, to admit the truth, than to go on asserting the converse of fact and trying to act accordingly.



International Banking Notes

The annual meeting of the proprietors of the Bank of Scotland was held within the head office, Edinburgh, on April 4, 1922, the Lord Elphinstone, deputy-governor, in the unavoidable absence of the governor (W. J. Mure, C. B.), presiding.

The chairman said in part regarding the operations for the last year:

I am sure you will be gratified that our net profits at £320,241 are fully £10,000 higher than in 1921, and with the substantial balance carried forward from last year of £76,136 we have £396,378 9s. 1d. available. Of this £25,000 has gone to write down bank premises account, and £25,000 to heritable properties account—a liberal allowance—and £125,000 has been placed to the reserve fund, increasing it to £675,000. This makes, with our paid-up capital of £1,325,000, a total of £2,000,000 of proprietors' funds.

Every known bad and doubtful debt has been fully provided for.

Our investments in the balance-sheet at or under the market prices ruling on February 28 last show in our books a very satisfactory surplus.

On the subject of the dividend the chairman said:

I have pleasure in moving the adoption of the report and balance-sheet as submitted to you, and that a dividend for the past half-year at the rate of sixteen per cent. per annum be now declared, payable on April 17, less income-tax.



At the fifty-first annual ordinary general meeting of the London and Brazilian Bank, Limited, London, held May 2, 1922, a dividend of fourteen per cent. per annum was declared. This dividend is additional to the interim dividend of 14s. per share, amounting to £105,000, paid October last. The statement of condition of the bank for the year ended January 31, 1922, showed total

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(£5=£1.)

CAPITAL (Authorized)	-	-	-	-	-	\$20,000,000
SUBSCRIBED CAPITAL	-	-	-	-	-	15,000,000
PAID-UP CAPITAL	-	-	-	-	-	10,200,000
RESERVE FUND	-	-	-	-	-	10,500,000

DIRECTORS

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FOLLETT HOLT, Esq., M. Inst. C. E.
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resources of £35,143,844 16s. 10d., paid up capital of £1,500,000, reserve fund of £1,500,000, and total current accounts of £20,030,777 3s. 9d. This bank has a New York agency at 56 Wall St.



The statement of condition of the Credito Y Ahorro Ponceño (Credit and Savings Bank Ponce) Ponce, Porto Rico, for the year ended December 31, 1921, showed total resources of \$4,594,942.17, capital of \$600,000, and surplus of \$200,000.



The statement of condition of the Bank of Athens, Athens, Greece, for the year ended December 31, 1921, showed total resources of Drs. 731,181,823, capital of Drs. 48,000,000, and total reserves of Drs. 10,850,000.



The statement of condition of the Union Bank of Scotland, Limited, Glasgow, for the year ended April 1, 1922, as submitted at the ninety-second annual general meeting of the shareholders held on April 26, 1922, showed a profit for the year, after providing

for rebate of interest and for all bad and doubtful debts, amounting to £308,479 13s. 5d, to which the balance of last year of £47,708 7s. 5d. makes a total of £356,188 9s. 10d. This sum has been distributed as follows:

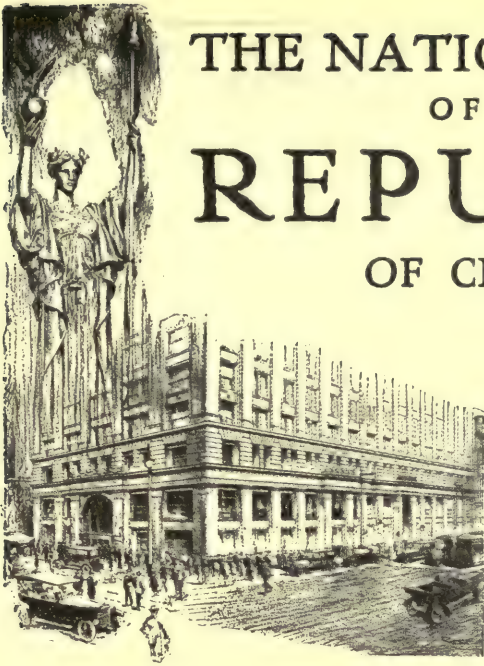
	£	s	d
To bank offices	10,000	0	0
To heritable property yielding rent....	10,000	0	0
To rest account	100,000	0	0
To dividend of seventeen per cent. per annum on the paid up capital.....	170,000	0	0
To pensions and allowances fund	15,000	0	0
Balance carried forward to next year	51,188	0	10



The statement of condition of the Bank of Flanders, Ghent, Belgium, for the year ended December 31, 1921, showed total resources of Frs. 184,216,848, capital of Frs. 18,000,000, and total reserves of Frs. 9,800,000.



News of another bank merger is contained in mail advices recently received from Germany; this one involving the amalgamation of Mendelssohn and Co., of Berlin and Amsterdam, one of the oldest and largest private banking concerns in Germany, founded in 1792, and the Bayerische Vereinsbank of Munich and Nuremberg. E.



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SURPLUS
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L. Friedman and Co. of Berlin, of which the Bayerische is an associate, aided largely in bringing about the agreement.

At a recent meeting of shareholders of the Bayerische Vereinsbank the proposal to increase the bank's capital by 375,000,000 marks was ratified and two partners of Mendelssohn and Co. were elected to the board. A large proportion of the Bayerische Vereinsbank stock has been purchased by Mendelssohn and Co.

Through the merger the Bayerische becomes an associate in the firm of Kux, Block and Co. of Vienna, founded by Mendelssohn and Co., and Kleinwort Sons and Co. of London, and will participate in the Maatschappij voor Bank-en-Handelsovernemingen at Amsterdam, also organized by the firms mentioned above.

The present partners of Mendelssohn Co. are Franz von Mendelssohn, one of the German experts at Genoa, Paul von Mendelssohn-Bartholdy, Rudolph Loeb, Dr. Fritz Mannheimer, Dr. Paul Kempner and Hugo Rosenberger. Count Crailsheim, formerly Prime Minister of Bavaria, under King Ludwig II, is president of the board of directors of the Bayerische Vereinsbank.



The statement of condition of the Swiss Bank Corporation for the year ended De-

cember 31, 1921, showed total resources of Frs. 1,082,947,281, capital of Frs. 120,000,000, and total reserves of Frs. 33,000,000.



There was a recent fusion of the Deutsche Bank with the Deutsche Petroleum Gesellschaft, according to a cable to the *New York Times*. The latter is a large holding company with interests both abroad and at home, which through sale of its holdings in the Rumanian Steana Romana is now in possession of enormous mark resources for which it has no present use.

The Deutsche Bank will increase its capital from 400,000,000 to 800,000,000 marks, and will grant 4000 marks in shares for every thousand-mark share of Gesellschaft stock. Gesellschaft shares are now, therefore, quoted at 2300. After the fusion the Deutsche Bank's capital and reserves taken together will exceed 2,000,000,000 marks, which will enable it largely to extend its industrial and financial operations without being a strain on the money market.

Henceforth the Deutsche Bank will also handle the financial side of the Gesellschaft's oil deals, while the commercial and technical side will be managed by a new company. This fusion represents an entirely novel method for Germany and is the biggest deal since the war.



A. Zambrano and Sons, Monterrey, Mexico



A. ZAMBRANO, Jr.
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THE firm of A. Zambrano and Sons, Bankers, in Monterrey, Mexico, was organized in 1917. Since its establishment it has been managed strictly according to the American sys-

tem and plan of service. There are branches in Mexico City, San Luis Potosi, and Saltillo. The bank furnishes all kinds of banking service, such as buying and selling foreign exchange, letters of credit, travelers' checks and safe deposit boxes. It is representative in Mexico for the First National Bank of Del Rio, Texas. The capital of the bank is \$300,000, reserves, \$102,016; and total resources, \$6,984,517.

The city of Monterrey where the head office of the bank is located is the largest manufacturing and distributing city of the republic and a railroad center as well. The population is 100,000. There are eight banks, the largest steel plant south of St. Louis, two smelters, glass works, soap factories, and many other industries. Monterrey has also very good water works, and electric trams. There is a well organized Chamber of Commerce in the city.

A. Zambrano, Jr., cashier, was born in Monterrey. He attended business college at Dallas, Texas, in 1900, and in 1901 and 1902, went to Fordham University in New York. Immediately after college he worked for three years as assistant storekeeper for the Monterrey Iron and Steel Plant, later holding the same position with the Monterrey Smelting and Refining Company. During four years he occupied different



A view of the banking room

positions with the Mercantile Bank of Monterrey until the bank closed on account of revolution. He then obtained a position with the First National Bank of Del Rio, Texas, remaining with that institution over four years having served

during this time from file clerk to paying teller until 1917, when A. Zambrano and Sons opened for business in Monterrey. In 1919 he was elected a vice-president of the First National Bank of Del Rio, Texas.



Partial view of the main vault



GINARN LAO

New York agent, Bank of Canton, Ltd.



HEW FAN UN

New York manager, Bank of Canton, Ltd..



Lobby and entrance, Bank of Canton, Ltd.



Main office, Bank of Canton, Ltd.

New York Agency of The Bank of Canton, Limited

THE Bank of Canton, Ltd., is the first bank purely of Chinese capital that was organized by prominent Chinese merchants of Hongkong to take part in China's foreign trade and incorporated in 1912 under the Companies Ordinances of Hongkong originally with a capital of \$2,000,000. Owing to the steady growth of its business, in October, 1919, it was deemed necessary to convert the capital into sterling and increase to £1,000,000 which, in March, 1921, was further increased to £1,200,000, £1,066,520 of this was paid up. The bank has a silver reserve fund amounting to \$400,000.

Since its organization branches have been established in Canton, Shanghai, China, and Bangkok, Siam. In Swatow and Hankow, China, branches also are being established. Its New York agency at 1 Wall street is under the management of Ginarn Lao and H. F. Un. The latter came from the head office in

Hongkong, where he was the bank's secretary and assistant foreign exchange manager. The bank owns office building in Hongkong, Canton and Shanghai.

The statement shows the growth of the bank as follows:

Year	Resources	Profits
1912	\$3,459,301.30	\$32,856.81
1913	3,718,164.57	113,987.26
1914	4,190,518.19	102,233.21
1915	5,807,425.96	112,692.03
1916	6,045,941.60	203,178.89
1917	5,269,126.28	269,750.72
1918	8,297,416.82	326,358.08
1919	12,068,584.99	466,710.06
1920	19,411,161.28	1,147,408.37
1921	31,449,423.07	1,435,612.47

Mr. Lao occupies a unique position in banking circles. He is a graduate of Lehigh University. Representing the younger generation of China, he has naturally developed an ardent fondness for American methods. After his graduation from Lehigh University he re-



Private office of Ginarn Lao, New York agent



Private office of Hew Fan Un, New York manager



Corner of the main office

turned to China and quickly took a leading place in commerce, finance and industry in his own country. His knowledge of Chinese business affairs he now brings to New York through his activities as agent of the Bank of Canton. He has made a study of American banking methods and he has the rare equipment of being able to bring to bear both the Chinese and American points of view.

Mr. Lao declares that China is the richest commercial field among all the nations. The friendship of China for the United States is based upon something far stronger than opportunism; it is founded on good will steadily built up through years of unselfish effort for the welfare of China. This, Mr. Lao considers the greatest asset possessed by American business men for promoting their interests in China. The Bank of Canton, therefore, through Mr. Lao in

New York, is in an exceptional position to be of service both to business men and bankers in the United States.

Mr. Un is a Cantonese and speaks several dialects of Chinese. He first entered an English bank in the Straits Settlements where he held various responsible positions for several years. He resigned from the bank and returned to China where he engaged with his friends in Hongkong in general import and export business for many years. He is a shareholder of the Bank of Canton, Ltd., and subsequently he joined this institution as the secretary at its head office in Hongkong in which capacity he continued until his appointment to the New York agency of the bank. While in his former capacity as secretary of the said bank he gained first hand knowledge of China's home and foreign trade.





What Your Advertising Should Say to the Prospect

JONES has just bought a new house, or Smith a new car, and you know it when you meet him in the bank. Do you then greet him with a cheery lot of talk about the new banking equipment you have just purchased or do you ask first about *his* latest acquisition and lead him later into your own interests as they come in contact with his?

When you advertise you simply greet, by means of the printed word, a hundred or a thousand people in place of the one you could have greeted personally. But you should not greet them any differently, except as the medium you use requires a difference.

The same simplicity, the same principles should apply, and not too much shop talk, until the interview is under way, but rather an approach to all the people

upon a subject in which you know they are all interested.

The problem is to know the group and to know how to make your approach to that group as intimate and friendly as would be your approach to one individual. This is the science of advertising, and it is in doing this that The Collins Service makes your advertising in its bigger, broader way as forceful and effective in securing friends and getting new business as is your personal approach.

The Collins Service

The Recognized Standard of Financial Advertising

Philadelphia, Pa.

Banking Publicity

Special Section of The Bankers Magazine

JUNE 1922

Why They Are Going To Milwaukee

Men Prominent in Publicity and Financial Advertising Tell Their Reasons for Attending Convention June 11-15

To give an idea to bank publicity men and all those throughout the country who are interested in financial advertising of what the Financial Advertisers' Association conventions mean to men who play a prominent part in bank publicity and financial advertising, the association has sent out a folder reproducing fifteen letters sent to Gaylord S. Morse, its secretary. Following are some extracts from these letters. A publicity man of Cleveland writes:

I am counting upon attendance at the Milwaukee Convention to bring me into close contact with the up-and-doing men of my profession . . . it is this close personal contact which to my mind brings the greatest benefit to those who attend.

We can read articles by and listen to addresses by these men who are doing things. But to really get the insight, to get the background, to get the real picture, it takes that close, personal contact.

The manager of the new business department of a Richmond bank says:

Contact with an aggregation of the foremost publicity and new business men in the United States means a great deal in the way of inspiration, while the constructive messages from the nation's leaders, and live up-to-date business building ideas exchanged by our members, make the conventions something to be looked forward to with eagerness.

From Pennsylvania:

You know it's mighty easy for anyone grinding away under pressure, month after month, to get so close to his work as to lose the relative importance of the many major factors which enter into the business as a whole. I find that even the chit-chat of the hotel lobby, not to mention the splendid programs which have been prepared, establishes a balance, gives a fresh viewpoint, corrects wrong angles and gives to

the mind a nicer ability to weigh values.

Count on me for Milwaukee.

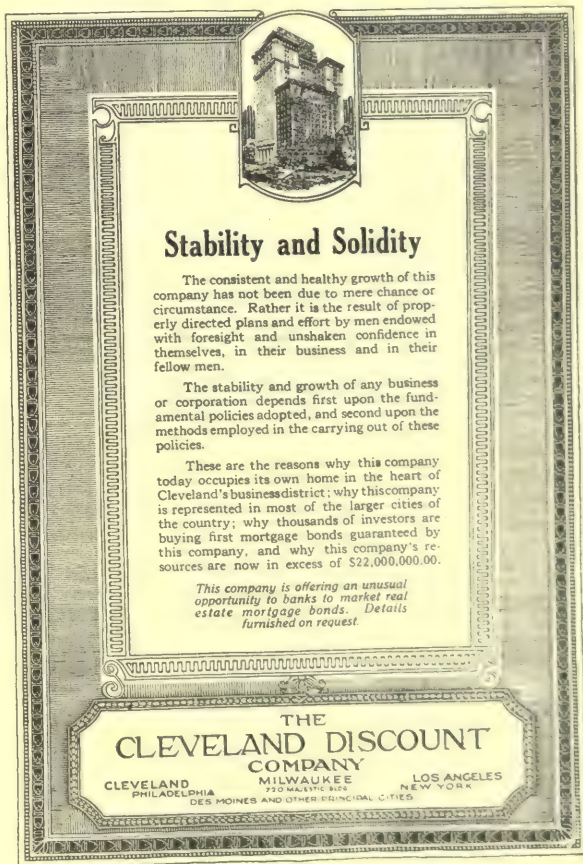
From Kansas City:

. . . the exhibits of advertising, especially those of the Financial Advertisers' Association, are very well worth while indeed and this is about the only way they

can be seen as it is impossible to convey any adequate impression of them to those who do not attend.

From Tennessee:

Frankly I feel that the value of mingling with the men and women who are blazing the trail in this new and vitally important field cannot be overestimated. I am certain that the ideas which a bank's representative will gain at the coming convention will be one of the most profitable investments that the bank will make during the year.



Stability and Solidity

The consistent and healthy growth of this company has not been due to mere chance or circumstance. Rather it is the result of properly directed plans and effort by men endowed with foresight and unshaken confidence in themselves, in their business and in their fellow men.

The stability and growth of any business or corporation depends first upon the fundamental policies adopted, and second upon the methods employed in the carrying out of these policies.

These are the reasons why this company today occupies its own home in the heart of Cleveland's business district; why this company is represented in most of the larger cities of the country; why thousands of investors are buying first mortgage bonds guaranteed by this company, and why this company's resources are now in excess of \$22,000,000.00.

This company is offering an unusual opportunity to banks to market real estate mortgage bonds. Details furnished on request.

THE CLEVELAND DISCOUNT COMPANY

CLEVELAND PHILADELPHIA DES MOINES AND OTHER PRINCIPAL CITIES
MILWAUKEE 170 MADISON BLDG.
LOS ANGELES NEW YORK

This layout is in itself suggestive of the "stability and solidity" stressed by the copy. The small insert of this company's new building is well and effectively placed

Banking Publicity

RICHARD F. DURHAM, Editor

Monthly Publicity Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

JUNE 1922

DOES NOT bank advertising run too much to generalities? Such words as "dependable", or "reliable" used in connection with banks have their weight. But aren't they being overplayed? And after all don't they lack the decisive punch of Old Man Specific?

You may move a man with a well-worded generality. But you are a lot more apt to stir him to positive action with a definite appeal.

Tell farmer Jones that your bank is "dependable", and he may be impressed. Tell him how you can help him find a good market for his surplus crop of sweet potatoes and you give him a real impulse to action.



THE PUBLICITY manager of a well known New York bank recently told us that he thought in banks having publicity and new business departments the tendency was often for these departments to work too independently of one another.

These two departments ought to follow each other up in every step they take. The extent to which the publicity department paves the way for the solicitors sent

out by the new business department is dependent in large part on the full coöperation of the latter department in supplying the publicity department with suggestions and ideas of a helpful definite nature, gained in the routine of new business activity.



THE DIRECTORS of a Boston bank in mailing their personal checks have an engraved card designed for enclosure with the check and reading as follows:

Enclosed is a check drawn on the Citizens National Bank of which institution I am a director.

This bank is of course a member of the Federal Reserve System, and operates commercial, savings, safe deposit and foreign departments.

It is conveniently located at 179 Summer street nearly opposite the South Station, and I trust you will find it possible to do some of your banking business with the Citizens National Bank.

I shall be pleased at any time to introduce you to the officers.

This idea is new to us. It seems to us that not only is the idea a good one, but that it is very well carried out in the application above cited.



A NUMBER of large manufacturers were recently asked through a questionnaire in what mediums among publications which they read was their most serious consideration given to the advertisements.

The names of two general publications of wide circulation were mentioned in the questionnaire. Answers showed that most of the manufacturers read both of these for relaxation, but not for information, and with no eye to the advertising matter contained in them.

The papers which they read with a real interest, or at least with a latent interest in the advertising matter are the trade papers which apply to their particular fields of activity. These papers they read religiously, and for the information that is contained in them, paying attention to the advertising as they read.

If the foregoing is true of the interest of these manufacturers in advertising in general, it would seem to follow that it should also apply to a certain extent to their interest in bank advertising.

A manufacturer of shoes, or an exporter of grain, for example, probably has some one trade paper covering his particular field which he reads carefully and with regularity. Here is a medium through which he may be reached perhaps more directly than through any other publication.

There is some question whether bank publicity managers are taking full advantage of the latent possibilities offered by various trade papers as media for advertising of a result getting variety.

Cooperative Advertising by Augusta, Ga., Banks

ALL THE banks in Augusta, Ga., have recently been coöperating in quite an extensive advertising campaign in local newspapers.

Such advertising is becoming increasingly common, especially for the purpose of educating the public on some of the broader phases of the service of the banks to the community, and has been defined as a coöperative movement of competitors for the good of the whole business. Its advantages include:

1. Less duplication of effort.
2. Greater economy in space buying.
3. Greater prestige and momentum for the campaign.

Savings banks in Boston, and banks in Kansas City and Memphis have recently tried coöperative advertising with success.

To illustrate the working out of the Augusta banks' coöperative campaign, there is reproduced herewith the text of one of the advertisements used by The Augusta Clearing House Association, the introductory advertisement, reading as follows:

LET'S PUT ALL THE MONEY TO WORK

Idle money, like idle labor, is non-productive, creates a stagnant condition and contributes to the stringency of the times.

Get out your money and help put Augusta to the forefront among the cities of the country. Whether it is one dollar, ten dollars, a hundred dollars, a thousand, or ten thousand dollars, let's join hands to do business. Your money in the banks—your bank—will help stimulate local conditions in every way.

The Banks of Augusta

Constitute the greatest economic factor in the progress and development of Augusta and the entire Augusta district. The banks of Augusta offer to the general public secure institutions with which to do business, expert financial advice to investors, advisory counsel in matters large and small where money and business is involved.

A Work for Everybody

In the campaign for prosperity the greatest economic and financial authorities of the country declare that every individual is a

Who's Who in Bank Advertising



E. H. ROBERTS

Advertising manager Cleveland Discount Company,
Cleveland, Ohio

MR. ROBERTS has been advertising manager of the Cleveland Discount Company for the last two years, and is at present secretary-treasurer of the Cleveland Financial Advertisers Association, as well as a member of the Advertising Club and other organizations. He is a graduate of Hamilton College, and had his first advertising experience with the George V. Van Cleave Advertising Agency, New York. Later he was publicity director for the Maxwell Motor Company, Detroit.

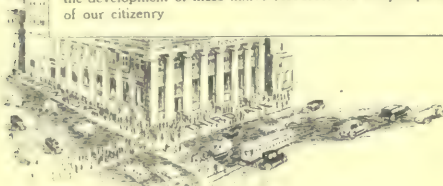
Mr. Roberts was formerly secretary of the Rochester, N. Y. Advertising Club, and later secretary of the Cleveland Advertising Club. His experience includes newspaper work, and a connection for two years with the Amsden Studios, commercial artists, in the capacity of sales manager and secretary. He is the editor of "Interest", a monthly magazine published by the Cleveland Discount Company.

A Gateway to Nature's Bounty


From the great Appalachians on the East to the "Father of Waters" on the West and from the mighty Ohio on the North to the powerful Tennessee on the South is a country wonderfully blessed with natural resources—both agricultural and mineral.

Located in the fertile valley of the Cumberland, in the center of this remarkably rich region, lies Nashville—the natural gateway to this great wealth.

For nearly forty years this bank has had an important part in the development of these native resources for the prosperity of our citizenry



THE AMERICAN NATIONAL BANK
NASHVILLE

"A GREATER BANK"  "for GREATER NASHVILLE"

The copy in this advertisement stands out the more strongly through skillful placing. The eye is instinctively drawn to it

contributing factor. Dig out your dollars, put them in the banks, bring them into sight and let the world know that Augustans are putting up Augusta money with full confidence in the community. This does not mean for you to expend your money lavishly, but it does mean to get it out of your pockets, out of your private lock boxes, out of your safes, out of the hidden places, put it in safe hands to help you and your community.

Augusta's Banking Houses

Offer you every opportunity to aid in this great work and share in the emoluments that come from the earning capacity of money, safely managed.

Call on your choice of Augusta's banks and let the officers give you detailed information about things financial you wish to know.

The Augusta Clearing House Association
Composed of
The Banks of Augusta, Georgia.

In addition to a large number of newspaper advertisements, in this campaign there was considerable free publicity. That is, the newspapers published many news articles along the lines of the display advertisements. For example, on

February 12 last, the *Augusta Herald* published this article:

Much Money Being Kept Out of Circulation in Augusta

Probably Million Dollars Lying Dormant Here—Stability of Augusta Banks Is Now Well Known Fact.

A new era in the development and progress of Augusta and this section is foretold in expressions of leading financial authorities of this city, augmented by similar statements from leading business men throughout the country, headed by President Warren G. Harding, himself, who states that the upgrade turn in the commercial, industrial and agricultural life of America has been reached and from now on conditions will be constantly improving.

So confident are Augusta's business men and bankers that this stage has been reached that a united effort has been decided upon by the Clearing House Association, composed of Augusta's five banks, and the association of these strong and substantial financial institutions cannot help but contribute greatly to the prosperity of this city and section in the future, even more notably than in the past.

One great trouble that has beset the entire country has been the contraction practiced by individuals everywhere, which has taken a turn detrimental to legitimate business development, and a

careful survey of the situation in Augusta has disclosed the fact that probably a million dollars is lying dormant in Augusta simply because the public has elected to allow their money to loaf on the job, so to speak, rather than keep it at work. In homes, safes, deposit boxes hidden anywhere somewhere every man, woman and child, figuratively speaking, has ten dollars tucked away producing no good results.

The unquestioned stability of Augusta banks and the attractive offerings in the savings departments of these institutions is being presented to the public in a cooperative manner by the banks of Augusta and a determined campaign is to be waged, presenting the financial situation, with its many angles, to the people of this section in order to obtain the coordinated effort of every progressive citizen of Augusta and this district in the undertaking to put Augusta to the forefront in the new movement which it is hoped will extend throughout the country.

The reputation already achieved by Augusta as a leading city in the matter of thrift and savings will be greatly augmented during the coming year as an exceptional opportunity will be presented for development in this direction owing to the fact that enormous structural and development projects will be undertaken and carried out here during the next few months.

The bankers of Augusta, handling the affairs of the institutions composing the Augusta Clearing House Association, are certain that a rejuvenation in business is on ahead and prosperity and progress is sure to follow, and they have definitely decided to present their views to the public along these lines, asking the cooperation of the public in their undertaking.



In the Midst of Things

In the heart of Greater New York stands the Chemical National Bank. At its doors are City Hall—the heart of the City's life—the homes of the big metropolitan districts, stations of every subway and elevated, and the big commercial houses of the City.

A commercial bank in the beginning, a commercial bank now—performing every function of a bank.

Established New Branches
and more

THE CHEMICAL NATIONAL BANK OF NEW YORK
INCORPORATED

BROADWAY AND CHAMBERS, FACING CITY HALL

This bank has been running some of the best advertisements we have seen. In the above advertisement the insert of the bank's main entrance in the illustration proper gets the "desirability of location" theme across forcefully.

How Banks Are Advertising

"THE WINDOW", is the title of a house organ of the Central National Bank Savings and Trust Company, Cleveland. This publication, which had its start as a one-page mimeographed sheet, makes its initial appearance with the March issue now at hand in the form of a twelve-page booklet. The first page contains an announcement to readers written by the president of the bank, C. E. Sullivan, who says:

It is with great pleasure that we announce the publication of The Window.

For some time the employees of our institution have issued with some degree of regularity a mimeographed bulletin called The Window. It was used as a vehicle to spread news events of the bank, and was prepared for circulation inside the organization.

The place of The Window has long been recognized by the officers of the bank not only because of its popularity and favor, but because of its usefulness in getting before each member of the staff necessary announcements and instructions pertaining to everyday duties.

An effort is now made to increase the usefulness of The Window, and for that reason you have before you the first printed copy of the publication.

Just how far we may go in the distribution of The Window rests largely with the number of requests for it, as we do not wish to force the reading of it upon anyone.

If you care to have your name placed on our mailing list to re-

ceive the magazine, regardless of the fact that you are the recipient of this first copy, will you kindly address such a request care of the editor of The Window. We will gladly send it to you every month.

A MILLION post cards on which are printed in paragraph form the story of Buffalo's resources and advantages are being distributed free to the school children of Buffalo by the Fidelity Trust Company of that city.

A circular sent out by the editor of Buffalo's year book, and descriptive of this new plan of community advertising, says in part:

This postal card feature of the "Buffalo Plan" of community advertising is entirely new, novel and unique and it has been made possible through the generosity and public spirit of the Fidelity Trust Company of Buffalo. The postal card plan does two things: first, the post card, carrying in printed form the story of Buffalo's advantages will be read and commented upon in the homes of the city and incidentally the school children will receive instruction themselves. Second, after having told the story of Buffalo in the homes of the school children, the printed postals are sent broadcast thereby advertising Buffalo throughout the land.

"REAL ESTATE for Sale", is the title of a well planned thirty-six page illustrated booklet sent out by the real estate department of the Girard Trust Company, Philadelphia. The booklet is comprehensively descriptive of a wide variety of properties for sale in and near Philadelphia, and in other cities and states. The introductory paragraphs on the first page of the booklet are captioned "Have You Property For Sale or Rent?" and read as follows:

Would you be interested in being relieved of the entire care of your realty by an organization, which combines every function of a real estate agency with the added financial responsibility of a trust company?

The real estate department of this company has sold for its clients during the past year over \$3,750,000 worth of property. The largest sale involved a consideration of \$275,000 the smallest, \$50.

In addition to the general public, the department has a select list of real estate "prospects", represented by the 30,000 clients of this company, each of whom will receive a copy of this booklet. It is but natural that these



A satisfactory banking connection will *increase* the *radius* of your business opportunities.

Your commercial banking requirements *whether large or small* will receive here the benefit of a well equipped understanding organization.

The
**UNION EXCHANGE
NATIONAL BANK**
FIFTH AVENUE at 30th STREET
NEW YORK

Strength in simplicity. Getting the story across with a pair of compasses

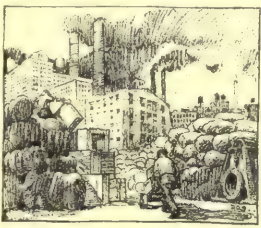
individuals when seeking real estate for their own use, or for investment, or when desiring to invest in mortgages, should give consideration to the offerings of this company.

Details in regard to Girard Trust Company Real Estate Service will be furnished on request.

"A GUIDE to Transit Numbers", is the title of a booklet recently issued by the National Shawmut Bank, Boston. The booklet, the contents of which are copyrighted, contains a list of transit numbers of New England commercial banks, and is designed to facilitate the listing of checks for deposit by numbers instead of by names of banks.

This list was compiled by the Shawmut Bank for the convenience of its depositors. The compilation was made from original sources, and by permission of the American Bankers Association from its "Numerical Key". Addison L. Winship, vice-president of the Shawmut Bank says with regard to the booklet that it:

... suggests the use of numbers in making out bank deposit



**Here Are the Assets
of the Business Men and Women**

Familiarity with bonds, mortgages and stocks is not all that is needed in getting results or in acting as trustee.

The Corn Exchange has an expert knowledge of what are ordinarily known as investments, but what is far more important, knows business conditions and business values. Relieve yourself of worry and probing your life in the lowest edge that the future of your business is in the hands of the

CORN EXCHANGE NATIONAL BANK
Philadelphia Cincinnati Second

The image carried to the mind by the above graphic picture of the assets back of industrial investments has a strong appeal to the imagination

slips, thus saving the public from the inconvenience of writing the name of each bank in the small space provided on those slips.

This system has been in use among banks for a number of years and we believe the public would benefit greatly from its general adoption.

"Boston One Hundred Years a City", is the title of a sixty-four page booklet of unusually artistic design and make up, recently distributed by the State Street Trust Company, Boston, in commemoration of the one hundredth anniversary of the incorporation of Boston as a city.

The booklet contains a wide collection of views made from rare prints and old photographs showing the changes which have occurred in Boston during the 100 years of its existence as a city. Under each photograph or print is printed material explanatory of it.

A SPECIAL NOTICE to the stockholders of the bank, in the form of a letter signed by the chairman of the board, president, vice-president and cashier, was sent out by the Security National Bank, St. Louis, to inform the stockholders of the bank's progress for the first thirty days of the current year. The letter reads as follows:

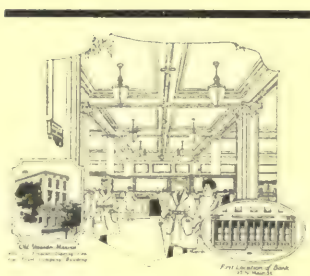
You will doubtless be interested to learn that the deposits of your bank have now passed the half-million dollar mark, and all indications are that the original goal of one million for the first year will be reached before the year is over.

Obtaining 1500 checking and savings accounts, and over \$500,000 in deposits within thirty days has been made possible through the hearty cooperation of our stockholders and other friends, and we want to take this opportunity of thanking you for whatever you have done to influence business to us.

The next half million will be much harder to obtain than was the first, and we are urging all stockholders to use their influence in our behalf, especially during the next sixty days. Please take advantage of every opportunity to obtain checking accounts, savings accounts, and time certificates of deposit for us. Invite all members of your family and your friends to bank with us. Often only a suggestion from you will result in a new account.

Yours very cordially,
Chairman of the Board
Vice-President and Cashier
President

P. S. Some of our stockholders, for good reasons, carry accounts



Sixty-nine Years of—

Growing with St. Louis and Helping St. Louis to Grow

February 24, 1922

BEHIND the present Liberty Central Trust Company is sixty-nine years of steadily increasing growth. From a little bank at 35 North Main Street, founded with a Capital of \$25,000 in 1853, the institution has now grown to be one of the great banks of the West, with a Capital of \$3,000,000, a Surplus of \$1,000,000 and Total Resources approximating \$50,000,000.

Throughout these sixty-nine years the institution has kept pace, growing with St. Louis and helping St. Louis to grow, by consistently supporting every worthy enterprise. Its daily work has been a part of the business effort of the community. Its life has been a part of the city's business and personal life.

Whatever growth and success have been achieved are due primarily to the confidence reposed in it by its thousands of depositors and friends. It will endeavor to always merit this confidence by continuing to co-operate with its customers, and by rendering that interested and friendly service that is characteristic of the "Liberty Central".

The bank welcomes the opportunity which the sixty-ninth Anniversary presents, of expressing its appreciation to those who have favored it with their business during these years, and cordially invites them to come in and visit our newly enlarged banking quarters.

LIBERTY CENTRAL
TRUST COMPANY
INCORPORATED IN ILLINOIS
BROADWAY AND OLIVE

The Picture above of the "Liberty Central" tells its own story better than any words could tell it. It is a picture of the future.

Good layout and effective combination of copy and illustration in this bank's sixty-ninth anniversary advertisement

in other banks, but they carry one with the "Security" also. We pay 2 per cent. on checking accounts averaging \$500 and over; 3 per cent. on savings accounts; and the current rate on time certificates. \$1000 new business from each stockholder will increase our deposits \$192,000. Loans on Liberty bonds and other high grade bonds of the same character as the bank buys for its own account, are being made from time to time for the convenience of our depositors.

THE ADVANTAGES of a life insurance trust are well set forth in a pamphlet recently issued by the trust department of the First National Bank of Boston, which reads as follows:

Your inheritance taxes may be large and they must be paid in cash when due.

This obligation is not shown on your books, but it is a liability none the less and one that may mean hardship and suffering for those dependent on you and life insurance offers the best and surest way to meet it.

Our plan for a life insurance trust is simple and effective. You take out insurance on your life

made payable to us and put in our hands as trustee a certain amount of property with directions:

(1) To pay the insurance premiums during your life.

(2) To collect the insurance upon your death.

(3) To pay whatever inheritance or income taxes are certified by your executors.

(4) To use the balance of the Trust Fund as you may direct.

In this way you materially reduce the expense of administering your estate, you make sure an adequate provision for the prompt payment of all taxes assessed at your death, and you establish a trust fund to be used for the benefit of your family or your friends, or charities in which you are interested.

If you adopt this plan your executors will not be compelled to sell your securities at a sacrifice to pay your inheritance taxes, they will not be forced to part with your controlling interest in any corporation and they will not be required to incur the expense of special petitions to courts or legislatures.

Our officers will be glad to explain to you the many advantages of a life insurance trust and to assist you in deciding upon the amount of insurance which you should carry and the amount of property which you should put in trust to pay the premiums.

THE FOLLOWING letter has come in to us from the advertising manager of the Peoples Savings and Trust Co., Pittsburgh:

We note with a great deal of interest, article on page 384 of your May issue, entitled "Radio-Banking is the Latest".

We direct your attention to the fact that this institution lays claim to being the pioneer in this novel departure, and as evidence of our right to this distinction, we enclose herewith a pamphlet containing extracts of an address made by our Mr. A. C. Robinson at the Westinghouse Electric Broadcasting Station on January 2, 1922.

We also enclose herewith a copy of our Mr. M. B. Holland's address recently made over the radio-phone, both of which were received with great interest.

I write this in the thought that you may perhaps be interested in knowing who is the "daddy" of this idea.

The contents of pamphlet referred to in this letter were quoted in Banking Publicity for April, page 713.

A LIST of members of the United States Senate, and the House of Representatives for the sixty-seventh congress, together with a list of all standing committees, corrected to February 1, 1922, is contained in a booklet distributed by the American Exchange National Bank, New York.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets and other advertising matter issued by them. Subscribers can get on this list free of charge.

Watch for New Names and Other Changes.

- Albany, N. Y., Albany City Svgs. Institution, F. H. Williams, treas.
 Asbury Park, N. J., Asbury Park Tr. Co., W. C. Rogers, secy.-treas.
 Asheville, N. C., Hackney & Moale Co., P. E. Morrow.
 Atlantic, Iowa, Iowa State Bank, H. M. Butzloff, asst. cash.
 Baltimore, Md., Nat'l Bank of Baltimore, W. B. Thurston, Jr., mgr. for dept.
 Boston, Mass., Internat'l Tr. Co., T. F. Megan, asst. secy.
 Boston, Mass., Nat'l Shawmut Bank, A. L. Winship, V. P.
 Boston, Mass., Old Colony Tr. Co., E. H. Kiltredge, pub. mgr.
 Boston, Mass., State St. Tr. Co., R. M. Eastman, asst. to Pres.
 Brenham, Tex., 1st Nat'l Bank, A. Schlenker, cash.
 Brooklyn, N. Y., Home Svgs. Bank, V. M. Powell, secy.
 Brooklyn, N. Y., Williamsburgh Svgs. Bank, B'way & Driggs Ave., V. A. Lersner, comp.
 Bruxelles, Belgium, Moniteur des Interets Materiels, 27 Place de Louvain.
 Buffalo, N. Y., Citizens Tr. Co., R. Block, pub. mgr.
 Buffalo, N. Y., Fidelity Tr. Co., W. D. Lampman, asst. pub. mgr.
 Buffalo, N. Y., Marine Tr. Co., W. H. Johnson, adv. mgr.
 Buffalo, N. Y., Peoples Bank, P. E. Illman, V. P.
 Cambridge, Mass., Guaranty Tr. Co., L. A. Frost, V. P.
 Chambersburg, Pa., Chambersburg Tr. Co., F. A. Zimmerman.
 Charleston, W. Va., Charleston Nat'l Bank, C. F. Snyder, Jr., adv. mgr.
 Chattanooga, Tenn., American Tr. and Bkg. Co., E. L. Smith, asst. cash.
 Chattanooga, Tenn., Chattanooga Svgs. Bank, J. V. Holdam, adv. mgr.
 Chattanooga, Tenn., 1st Tr. & Svgs. Bank, J. H. McDowell.
 Chester, Pa., Pennsylvania Nat'l Bank, E. C. Burton, V. P.
 Chicago, Ill., American Press League, 11 S. La Salle St., T. J. Sullivan, pres.
 Chicago, Ill., R. E. Bauder, 738 S. Michigan Ave.
 Chicago, Ill., Englewood State Bank, 63rd St. & Yale Ave., E. N. Baty, mgr. new bus. dept.
 Chicago, Ill., Liberty Tr. & Svgs. Bank, A. L. Rosenthal, asst. cash.
 Chicago, Ill., Merchants Loan & Tr. Co., C. A. Gode, adv. mgr.
 Chicago, Ill., Nat'l City Bank.
 Chicago, Ill., Northwestern Tr. & Svgs. Bank, F. G. Heuchling, V. P.
 Chicago, Ill., State Bank of Chicago, E. L. Jarl, asst. cash.
 Chicago, Ill., Union Tr. Co., P. L. Hardesty, adv. dir.
 Chicago, Ill., Woodlawn Tr. & Svgs. Bank, T. Jessup, asst. cash.
 Clarksville, Tenn., 1st Nat'l Bank, M. A. Bland, V. P.
 Cleveland, Ohio, Central Nat'l Bank Svgs. & Tr. Co., R. J. Izant, adv. mgr.
 Cleveland, Ohio, Cleveland Trust Co., C. K. Matson, pub. mgr.
 Cleveland, Ohio, Garfield Svgs. Bank, E. V. Newton, mgr. new bus. dept.
 Cleveland, Ohio, Reliance Tr. Co., E. J. MacNab, asst. secy.
 Cleveland, Ohio, Union Tr. Co., C. H. Handerson, pub. mgr.
 Clinton, Iowa, City Nat'l Bank, A. C. Smith, pres.
 Corona, Cal., 1st Nat'l Bank, P. L. Hudson, asst. cash.
 Danielson, Conn., Danielson Tr. Co., C. H. Starkweather, treas.
 Dayton, Ohio, Nat'l Cash Register Co., H. W. Karr, dir. pub.
 Denver, Colo., Denver Nat'l Bank, G. T. Wells, asst. cash.
 Detroit, Mich., Security Tr. Co., H. B. Grimm, mgr. bus. ext. dept.
 Elizabeth City, N. C., 1st & Citizens Nat'l Bank, M. H. Jones, asst. cash.
 Elmira, N. Y., 2nd Nat'l Bank, H. E. Mallory, adv. mgr.
 Emporium, Pa., 1st Nat'l Bank, C. R. Zimmer.
 Evansville, Ind., City Nat'l Bank, J. C. MacCorkle, pub. mgr.
 Evansville, Ind., Old State Nat'l Bank, A. F. Bader, asst. cash.
 Flint, Mich., Citizens Commercial & Svgs. Bank, H. E. Potter, asst. cash.
 Flint, Mich., Industrial Svgs. Bank, A. T. Smith, mgr. special serv. dept.
 Gardner, Mass., Gardner Tr. Co., R. E. Merrill.
 Greenville, Pa., Farmers & Merchants Tr. Co., M. M. Simons, asst. treas.
 Greenville, S. C., American Bk. & Tr. Co., R. Anderson, cash.
 Greenville, S. C., Woodside Nat'l Bank, J. L. Williams, V. P.
 Haverhill, Mass., 1st Nat'l Bank, C. K. Wormwood, adv. mgr.
 Indianapolis, Ind., Fletcher Svgs. & Tr. Co., L. A. Buennagel, mgr. serv. dept.
 Ithaca, N. Y., 1st Nat'l Bank, W. A. Boyd, V. P.
 Jacksonville, Fla., Atlantic Nat'l Bank, J. M. Quincy, asst. cash.
 Jacksonville, Fla., Barnett Nat'l Bank, E. G. Haskell.
 Jacksonville, Fla., United States Tr. Co., B. W. Lanier, secy.
 Joliet, Ill., Will Co. Nat'l Bank, F. R. Adams.
 Kankakee, Ill., City Tr. & Svgs. Bank, A. M. Shoven, cash.
 Kansas City, Mo., Commerce Banks, F. M. Staker, mgr. pub. dept.
 Kansas City, Mo., Kansas City Terminal Tr. Co., H. G. Hunter, V. P.
 Lansing, Mich., Capital Nat'l Bank, H. D. Bennett, asst. cash.
 Lima, Peru, S. A., Banco Mercantil Americano del Peru.
 Little Rock, Ark., American Bank of Commerce & Tr. Co., M. A. Buzbee, adv. mgr.
 Los Angeles, Cal., 1st Nat'l Bank & Tr. & Svgs. Bank, R. M. MacNennon, adv. mgr.
 Los Angeles, Cal., Hellman Com'l Tr. & Svgs. Bank, D. R. Branham, dir. pub.
 Los Gatos, Cal., 1st Nat'l Bank, C. F. Hamsher, pres.
 Louisville, Ky., Nat'l Bank of Kentucky, F. C. Adams, mgr. pub. dept.
 Madrid, Spain, Banco Hispano Suizo, Para Empresas Electricas, Plaza Canalejas 3, E. C. Hirt.
 Madison, S. D., Lake Co. Nat'l Bank, T. A. Wadden, V. P.
 Meridian, Miss., Merchants & Farmers Bank, M. Keeton, mgr. svgs. dept.
 Milwaukee, Wis., Second Ward Securities Co., R. P. Hammond, bus. serv. dept.
 Minneapolis, Minn., Farmers & Mechanics Svgs. Bank, T. H. Wallace.
 Minneapolis, Minn., Minnesota Loan & Tr. Co., R. Reese.
 Minneapolis, Minn., Northwestern Nat'l Bank, F. Merrill, adv. mgr.
 Monterey, N. L., Mex., A. Zambrano, Jr., care of A. Zambrano y hijos, Apartado No. 6.
 Montreal, Que., Bank of Hochelaga, 112 St. James St., H. G. Gonthier, dir. pub.
 Newark, Ohio, Home Bldg. Ass'n Co., E. M. Baugher, pres.
 New Orleans, La., Canal-Com'l Tr. & Svgs. Bank, H. B. Caplan, adv. dept.
 New Orleans, La., Hibernia Bk. & Tr. Co., F. W. Ellsworth, V. P.; W. E. Brown, adv. mgr.
 Newport News, Va., 1st Nat'l Bank, D. L. Downing, asst. cash.
 N. Y. C., American Express Co., S. D. Malcolm, gen. mgr. adv. dept.
 N. Y. C., American Union Bank, R. Stein, asst. cash.
 N. Y. C., Banco di Roma, 1 Wall St., Rodolfo Bolla, American representative.
 N. Y. C., The Bankers Magazine.
 N. Y. C., Bank of America, 44 Wall St., W. Woolford.
 N. Y. C., Chatham & Phenix Nat'l Bank, N. P. Gatling, V. P.

- N. Y. C. Equitable Tr. Co., A. DeBebian, adv. mgr.
- N. Y. C. Henry L. Doherty & Co., 60 Wall St., T. B. Pratt.
- N. Y. C. Farmers Loan & Tr. Co., C. M. Rittenhouse.
- N. Y. C. Guaranty Trust Co., H. W. Carlisle, pub. mgr.
- N. Y. C. Hoggson Bros., 485 5th Ave., E. L. Wright, pub. mgr.
- N. Y. C. Internat'l Bkg. Corp., R. F. Cray, asst. cash.
- N. Y. C. Mechanics & Metals Nat'l Bank, F. W. Gehle, mgr. adv. dept.
- N. Y. C. Metropolitan Tr. Co., E. S. Van Leer.
- N. Y. C. Morris Plan Bank, 261 B'way, W. D. McLean, V. P.
- N. Y. C. New York Tr. Co., E. Langstroth.
- N. Y. C. North Side Svgs. Bank, A. A. Ekirch, secy.
- N. Y. C. Seaboard Nat'l Bank, E. M. Hutchins, pub. mgr.
- N. Y. C. S. W. Strauss & Co., 5th Ave. at 46th St., H. B. Mathews, adv. mgr.
- N. Y. C. Union Bank of Canada, 49 Wall St., A. G. Sclater.
- Norfolk, Va., Seaboard Nat'l Bank, W. V. Capps, adv. mgr.
- Norfolk, Va., Tidewater Bank & Tr. Co., G. W. C. Brown, asst. secy.
- Norfolk, Va., Virginia Nat'l Bank, R. J. Alfriend, Jr., asst. cash.
- Oak Park, Ill., Oak Park Tr. and Svgs. Bank, L. A. Clarahan, mgr. new bus. dept.
- Paterson, N. J., 2nd Nat'l Bank, W. Van Blarcom, asst. cash.
- Pendleton, Ore., American Nat'l Bank, J. De Wilde, pub. mgr.
- Phila., Pa., 4th St. Nat'l Bk., J. T. A. Hosbach.
- Phila., Pa., Phila. Nat'l Bank, W. R. D. Hall, com'l serv. dept.
- Phila., Pa., R. H. Thompson, 1524 Chestnut St.
- Phila., Pa., Tradesmen's Nat'l Bank, H. E. Delly.
- Pine Bluff, Ark., Cotton Belt Svgs. & Tr. Co., L. E. Bassett.
- Pine Bluff, Ark., Merch. & Planters Bank, R. W. Etter.
- Pittsburg, Pa., Mellon Nat'l Bank, J. M. Williams, pub. mgr.
- Pittsburgh, Pa., W. H. Slviter, 122 Dithridge St.
- Prague, Czechoslovakia, Bohemian Industrial Bank, head office.
- Raleigh, N. C., Citizens Nat'l Bank, R. A. Brown, asst. secy.
- Raleigh, N. C., Com'l Nat'l Bank, E. E. Culbreth.
- Richmond, Va., Planters Nat'l Bank, R. E. Hotze, Jr., adv. mgr.
- Richmond, Va., Virginia Tr. Co., W. Scott, V. P.
- Ridgewood, N. J., 1st Nat'l Bank, L. F. Spencer, V. P.
- Ripon, Wis., 1st Nat'l Bank, W. R. Dysart, cash.
- Rochester, N. Y., East Side Svgs. Bank, C. C. Davy, atty.
- Rochester, N. Y., Union Tr. Co., A. J. Meyer, pub. dept.
- Rome, Italy, Banco di Roma, head office.
- San Antonio, Tex., Central Tr. Co., D. Ansley.
- San Francisco, Cal., Abbott-Brady Prtg. Corp., 450 4th St., L. G. Peede, bk. serv. dept.
- San Francisco, Cal., Security Bk. & Tr. Co., W. F. Morrish, V. P.
- San Francisco, Cal., Union Tr. Co., M. Newman, asst. cash.
- Scranton, Pa., Anthracite Tr. Co., L. A. Haggerty, asst. treas.
- Scranton, Pa., 3rd Nat'l Bank, J. E. Williams, asst. cash.
- Shanghai, China, American Oriental Bkg. Corp., F. J. Raven.
- Shelbyville, Ill., J. C. Eberspacher, asst. cash.
- Sioux Falls, S. D., Sioux Falls Nat'l Bank, J. W. Wadden, pres.
- Smithtown, N. Y., Nat'l Bank of Smithtown, J. A. Overton, cash.
- South Bend, Ind., Indiana Svgs. & Loan Ass'n, J. C. Stover, secy.
- Spokane, Wash., Old Nat'l Bank, A. F. Brunkow, pub. mgr.
- Spokane, Wash., Union Tr. Co., W. J. Komers, pres.
- St. Joseph, Mo., 1st Nat'l Bank, L. J. Morgan, adv. mgr.
- St. Louis, Mo., Liberty Central Tr. Co., J. V. Corrigan, pub. mgr.
- St. Louis, Mo., Mercantile Tr. Co., S. P. Judd, pub. mgr.
- St. Louis, Mo., Nat'l Bank of Commerce, W. B. Weisenburger, adv. dir.
- Stockholm, Sweden, Aktiebolaget Svenska Handelsbanken, P. G. Norberg.
- Stroudsburg, Pa., C. B. Keller, Jr., cash.
- Tampa, Fla., Citizens Bank & Tr. Co., L. A. Bize, pres.
- Toledo, Ohio, Com'l Svgs. Bk. & Tr. Co., J. H. Streicher, new bus. dept.
- Toronto, Canada, Canadian Bank of Commerce, F. C. Biggar, head office.
- Toronto, Canada, H. J. Coon, 68 Farnham Ave.
- Toronto, Canada, Home Bank Monthly, Home Bank of Canada.
- Trenton, N. J., Mechanics Nat'l Bank, C. K. Withers, tr. off.
- Tuscaloosa, Ala., City Nat'l Bank, S. F. Claibough, cash.
- Utica, N. Y., Svgs. Bk., H. W. Bell, dir. serv.
- Warren, Pa., Warren Nat'l Bk., E. W. Johnson.
- Washington, D. C., Federal Nat'l Bank, John Poole, pres.
- Washington, D. C., Union Tr. Co. of D. C., 15th & H Sts., W. S. Lyons.
- Washington, D. C., Washington Loan & Tr. Co., E. H. Thomson, pub. mgr.
- Watertown, N. Y., Jefferson Co. Nat'l Bank, R. W. Oakes, asst. cash.
- Wausau, Wis., Marathon Co. Bank, H. C. Berger, cash.
- Waynesboro, Pa., 1st Nat'l Bank, J. E. Guy, mgr. serv. dept.
- Wellsboro, Pa., 1st Nat'l Bank, L. M. Matson, adv. dept.
- Westchester, Pa., Farmers & Mechanics Tr. Co., J. C. Hall.
- Wilkes Barre, Pa., Luzerne Co. Nat'l Bank, W. J. Ruff, cash.
- Wilkes Barre, Pa., Wyoming Nat'l Bank, W. M. Sherrill, mgr. new bus. dept.
- Wilmington, N. C., Wilmington Svgs. & Tr. Co., C. E. Taylor, Jr., pres.
- Winnipeg, Manitoba, Union Bank of Canada, J. H. Hodgins, mgr. pub. dept.
- Winston-Salem, N. C., Buck & Glenn, Inc., C. L. Glenn, secy.
- Winston-Salem, N. C., Wachovia Bank & Tr. Co., P. Garner, pub. mgr.
- Youngstown, Ohio, 1st Nat'l Bank, J. N. Higley, pub. mgr.
- Yuma, Ariz., Security Tr. & Svgs. Bank, J. O. Blethen, cash.
- Zurich, Switzerland, J. Muller, 49 Sonneggstrasse.
- Zurich, Switzerland, Union de Banques Suisses, H. de Muralt, sub-mgr.



New Names

- Battle Creek, Mich., Old National Bank, Earl R. Obern, asst. cash.
- Corseana, Tex., First State Bank, L. G. Kerr, asst. cash.
- Northampton, Mass., Hampshire County Trust Co., G. L. Willis, pres.
- Valdosta, Ga., Merchants Bank of Valdosta, A. F. Winn, Jr., pres.

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Financing Our Foreign Trade

THE present limitations of our national banking system make it difficult to extend long term credits to foreign countries on even the most secured and profitable transactions.

American manufacturers and merchants must be enabled to maintain their markets abroad and this can only be accomplished today through financial help.

The last figures covered by the Department of Commerce in Washington show an appalling decrease in the foreign trade of this country, and that it reflects on the national depression of business is all too evident. Our manufacturing plants, railroads, docks, ports, ships, labor and capital will always be affected so long as our interests in foreign countries are not properly taken care of.

As a means of relieving the present shortage of financial facilities for foreign trade the American-European Finance Corporation has recently been organized, the purpose of which might be summarized as follows: To assist American business by coöperating with Europe in its financial and industrial reconstruction, and to establish the necessary machinery in the way of secured credits to attain these ends—that is, to help American business by extending safe credits to Europe instead of giving charity.

The basic idea is to utilize in a constructive way the vast amount of money yearly sent abroad by the foreign speaking citizens of our country, by circulating through this medium—so far as possible—bonds taken in exchange for credit on raw material, finished products, commodities of various kinds sent to Europe and construction work.

In order that America may find work for its unemployed it is necessary to find a market for its raw and other materials. Grain, copper, cotton, etc., pile up in American warehouses unsold, while for lack of these commodities European industries can only creep toward rehabilitation, and workmen on both continents are idle.

World progress is possible only so

fast as commercial interchanges are made possible by credit.

In the United States today there is plenty of idle capital and Europe needs the credit this capital can give to operate its industries and provide work for its unemployed. On the other hand, America is badly in need of purchasers



FRANK QUILTER

Treasurer The Foundation Company

for its products, the sale of which will provide work for its unemployed.

In the opinion of many acquainted with the economic situation, if the \$2,000,000,000 sent to Europe in private charity during the two years following the Armistice had been consolidated and applied to provide work through proper credit channels, the Continent would by this time be well on the way toward production and prosperity, and America would not have suffered the depression of the past several months.

The United States is the only country in the world today in a position to extend the necessary credit to Europe, and unless we thus aid, we will be obliged to contribute directly to the support of her peoples. This will result in a reflection on our own economic situation.

Efforts to create the necessary credit machinery have been only partially successful for American financiers did not consider Europe a safe risk a year ago, and rightly so. Today, however, the foundation is laid upon which a safe credit structure may be built, and the time has arrived when credits may be safely extended to Europe so that she may buy what America so sorely needs to sell.

BUSINESS

With this situation in view, the American-European Finance Corporation has been organized for the purpose of financing European and other credits required to facilitate trade with the United States; to accept and discount European government and industrial securities when offered in the course of trade; to finance raw material advances, and shipments to and from Europe; to carry on varied trade, fiscal and industrial operations.

A banking organization is contemplated to take care of such transactions as come properly under the State Banking Laws, and the Corporation will give financial assistance to European industries, which being supplied raw materials on a safe credit basis can be made permanent and profitable customers for America.

DISTRIBUTION OF BONDS

The nature of its business will require the Corporation to accept in payment large amounts of interest-bearing bonds of European governments, municipalities and corporations in its financing of shipments of American products. As these bonds are received this distribution will be made through the All-American Securities Corporation. Although these bonds will be distributed to the original stockholders of the American-European Finance Corpora-

tion, they will be especially offered to investing foreign born citizens. Needless to say, such foreign bonds should have particular attraction for the latter, in view of the number of ill-fated endeavors along investment lines which have been offered to them in the last two years. Through organizations and newspapers they have already expressed their approval of the plan, and many are of the opinion that it will very materially assist in the revival of normal international trade relations.

SECURITY

Financial assistance and credit extensions will be given only after thorough investigation to sound, well established principals in non-speculative transactions, and where satisfactory security is given. European industrials and merchants are ready to buy but have not the cash buying facilities at this time. They have, however, good collateral, securities and other means to provide a safe basis for secured credits, and in many instances government and strong bank guarantees can be obtained.

MANAGEMENT

The American-European Finance Corporation will be managed by a board of directors and executive officers who are experienced in international business. Its policies will be those of a conservative banking and trading house. It will undertake only such transactions as come within the range of the experience of the men directing its affairs. A large volume of profitable business will be offered through European connections of the interests responsible for the Corporation's organization and management.

DIRECTORS

It is contemplated that a board of fifteen will permanently direct the affairs of the American-European Finance Corporation. This board, now nearing completion, includes some of the most prominent men in finance and industry.

Although the present board of directors and officers is a temporary one, without exception the men responsible

for the promotion and management are of sterling character, broad vision and resourcefulness. Frank Quilter, treasurer The Foundation Company; J. Boardman Scovell, treasurer, Lewiston & Lake Ontario Shore Power Company, director and general counsel Reserve Finance Corporation, Buffalo, N. Y.; A. B. Messer, chairman Foreign Language Publishers Association, New York; and Edmund P. Tate of Tate, Mayer & Co., Inc., New York, formerly assistant treasurer of the Guaranty Trust Company of New York, with which he was identified for seventeen years. Arnold L. Davis, of Davis, Wagner, Heater & Holton is chief counsel for the Corporation and is responsible for the successful shaping of its policies.

To the ripe judgment and broad experience of its present chief executive, Frank Quilter, much of the credit for the organization of the American-European Finance Corporation may be given.

Mr. Quilter was born in London in 1887, and it is thus readily seen that he has his feet set firmly in the path of success at an age when most men are still groping as to the direction they should take to reach their goal.

Leaving London in 1905, Mr. Quilter went to Canada engaged in railroad construction work. He joined The Foundation Company in 1910 and was elected secretary-treasurer of the Canadian company in 1912. In 1914 he was made secretary-treasurer of the parent company, and in 1917 a director.

Activities of The Foundation Company in various construction work in America and Europe for several years past thus enable Mr. Quilter to bring to the American-European Finance Corporation a thorough knowledge of the requirements and necessity for financing

foreign trade. In summing up the need for such an organization, Mr. Quilter said:

"The present authorized capitalization of the Corporation is \$3,000,000 which we expect to increase to meet the demands as they accrue. The success of this enterprise is certain if the support we are receiving throughout the country is a criterion. We expect to give assistance to the leading banking houses of this country, who must of necessity accept large blocks of foreign securities by reason of the wide distributing power in small units which we are creating.

"Our leading manufacturers have stated that in order to compete with the European industries in the foreign market they must, in order to overcome the increased cost of production, extend long term credits. Such an organization as we are creating will give them this accommodation.

"There should be a strong movement throughout the country to give the same aid to the American manufacturer in the foreign market as is accorded the European manufacturer. In other words, the banker should be the pioneer with him in the organization field. This will be the main policy with our organization and it is hoped that banks throughout the country will eventually offer similar accommodations.

"We will finance foreign industrials and enable them to purchase additional equipment, raw materials, etc., on the basis that such raw materials and equipment be made from American producers. We will therefore be in a position not only to help the American manufacturer in such business as he may be able to secure in the open market but we will also be able to assist him in obtaining considerable new business.

"We expect that our Company will be in operation by July 1."





New Home of the Charlotte (N. C.) National Bank

THIS modern bank building is built entirely of granite for the lower part and granite terra cotta to match for the upper portions so as to save weight.

The granite columns are said to be the heaviest in the states of Virginia, West Virginia, North or South Carolina.

The building as designed has special provisions for making extensions both vertically and horizontally so that when the bank needs more space it will not be necessary to make unusual alterations. The building was designed by

Alfred C. Bossom
Bank Architect and Equipment Engineer
680 Fifth Avenue, New York

Correspondence Invited

Cleveland Discount Company of Cleveland

IN December, 1918, a little group of men gathered in headquarters in what was then known as the Rockefeller building. These men had learned the mortgage business through experience and were filled with the determination to conduct a mortgage company on a larger scale than had ever before been done.

There was no assurance anywhere of any substantial support for the new enterprise, except through the resources of some of the organizers. It was decided that the company should be capitalized at \$1,000,000, and a charter for this incorporation was issued in the State of Delaware on December 20, 1918.

From the humble beginning in two rooms and a total personnel of less than a dozen persons, the Cleveland Discount Company has expanded until it now numbers nearly 300 salesmen and 100 office employees. It has offices from coast to coast and is represented in every section of its home state.

As soon as possible after organization, plans were made for a suitable business home for the fast-growing enterprise. A site was selected and purchased, and in January, 1922, the building was opened.

This new Cleveland Discount building, Superior avenue at East Ninth street, is the first building in Cleveland to take advantage of the new law that allows buildings as high as 250 feet to the roof, or of 21 stories, and stands out as a giant among other Cleveland buildings.

The architectural style is pure Greek of Doric simplicity. The Greek style is carried throughout the building to the smallest details and decorations. The huge, gray-white granite columns stand out from the colorful metal grills behind them.

A warmth of color is to be seen in the lobby, which is in rich gray-brown marble, in the offices and in the office corridors. The floors are gray-white; the wainscoting is white with veinings

of gray, and around each door and along the floor is a five-inch border of rich chocolate-colored marble from Utah. The floor marble is from Tennessee, and the wainscoting from Alabama.

The decoration of the offices is the result of much scientific research to find just the correct combination of tints to take most advantage of the natural light, give best results with artificial light, and, at the same time, make an artistic, restful effect. The walls are painted a light gray with considerable blue mixed in; and the ceilings are a light, delicate cream.

The entire vault is thirty-five feet wide by sixty feet long, but the safety deposit department occupies a space thirty-five feet by thirty-five feet. The rest of the vault is the private vault of the Cleveland Discount Company. The vaults were installed by the Yorke Safe and Lock Company, York, Pa.

Besides the vault, the department is equipped with thirteen coupon rooms, two of which are large enough for committee meetings. There is also an assembly room and a ladies' rest room.

The officers of the Company are:

Charles J. Forbes, chairman board of directors; Josiah Kirby, president; J. Edmund Flynn, W. C. Malin, L. B. LeBel, R. C. Griswold, Gage E. Tarbell, F. C. Emde, Dean Hale, Glen Brown, T. J. Farquhar, vice-presidents; C. C. Beelman, C. Fred Wallace, Everett H. Seaver, resident vice-presidents; Edward O. Peck, secretary and attorney; R. L. Poland, treasurer; E. B. Woodruff, assistant secretary; J. H. Schirck, Carroll W. Kirby, assistant treasurers; C. F. Laughlin, manager mortgage sales; James L. Hunting, chief engineer.

Directors, Allen Andrews, Sr., F. C. Emde, J. Edmund Flynn, Charles J. Forbes, R. C. Griswold, W. H. Hopple, Josiah Kirby, L. B. LeBel, A. R. McGill, W. C. Malin, Edward O. Peck, R. L. Poland, F. B. Smith, Gage E. Tarbell, T. B. Van Dorn, Howard S. Williams, Oliver W. Upson.



CLEVELAND DISCOUNT BUILDING

This building, 21 stories in height, is the most modern in Cleveland



VIEW OF THE MAIN ENTRANCE

This view is taken from the interior of the counting-room. On either side, within the railing, are officers' platforms



COUNTING ROOM LOOKING TOWARD THE ENTRANCE

The staircase leads to the mezzanine which circles the counting-room over the cages



DIRECTORS' ROOM

This room is artistically furnished, but with a business-like simplicity



Private office of the chairman of the board, Charles J. Forbes



Private office of the president, Josiah Kirby

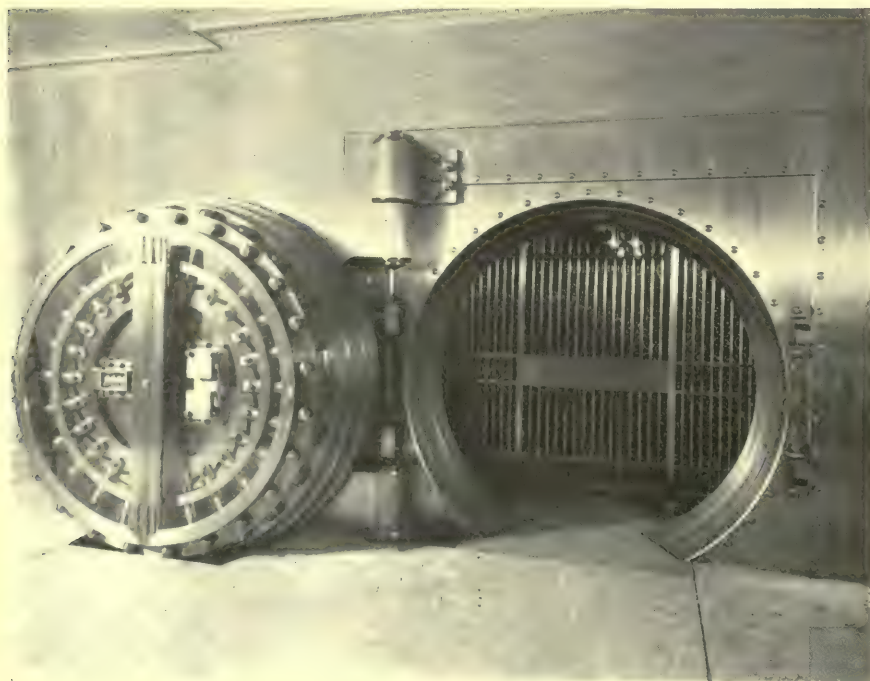


INTERIOR OF THE MAIN VAULT

This view shows one of the sections of safe deposit boxes, the largest safe deposit vault in Ohio



Customers' waiting room on the mezzanine



Entrance to the vault



West Side Trust Company, Newark, N. J.

Twentieth Anniversary of West Side Trust Company, Newark N. J.

THE West Side Trust Company of Newark, New Jersey, is celebrating the passing of its twentieth milestone, having commenced business on June 2, 1902. During the years of its existence, its progress has kept step with the prosperity of the City of Newark, one of the foremost industrial centers of the United States, and today it stands forth as one of the city's most successful banking institutions. Founded at a time when there was but one other banking institution located apart from the center of the city, and that in an entirely different locality, it is advantageously located on the brow of the "Hill" section at the corner of Springfield avenue and High street, adjacent to the Essex County Court House, and today, while it commands a goodly portion of the business of its locality, it can no longer be regarded as a locality institution, for its business has extended beyond such limitations, and it now exerts an influence which is felt throughout the entire city.

The West Side Trust Company owes its origin to a group of successful business men, who felt that its establishment would be of service to the community, and the purpose that actuated its beginning has been uppermost in the minds of the management down to the present time. The institution has had three presidents in its history, all of whom have been outstanding figures in the business life of the city: Joseph Goetz, from 1902 to 1905; Frederick W. Paul, from 1905 to 1909; and Meyer Kussy, who has been president from 1909 to the present time. Mr. Kussy has been the active executive head since 1905, when he was elected first vice-president, which office he held until he exchanged places with Mr. Paul, who has been vice-president since 1909. The other officers are August Goertz, who has been vice-president since 1905, Ray E. Mayham, comptroller and trust officer since 1920, Herman G. Grimme, who has been connected with the Company since 1903, and who was elected



MEYER KUSSY

President West Side Trust Company

MR KUSSY was born in Newark in 1860, in the family home near the location of the West Side Trust Company, where up to that time had lived three generations of the Kussy family. He began his business career early in life and soon showed evidence of the ability which led to success, first in private business enterprises and later as the head of the West Side Trust Company, of which he has been the executive head as first vice-president from 1905 to 1909 and as president since 1909. He has been president of the Uptown Building and Loan Association since 1895, and has always been active in the leading business and philanthropic organizations of the city. During the war he was prominent in the leadership of every movement for rendering financial and moral support to the government, and always took the stand that it was his duty to do this not only as an individual but also as the head of a financial institution. Mr. Kussy is a man of positive convictions, well known for his independence of character, and possesses a personality which has unfailingly commanded the respect of those with whom he has come in contact.



Private office of the president, Meyer Kussy

treasurer in 1916, and Frederick W. Parisette, who has been connected with the Company since its organization, having been elected assistant secretary and assistant treasurer in 1909 and secretary in 1916. The present directors are Meyer Kussy, Emanuel Heyman, Charles F. Herr, August Goertz, John C. Eisele, William O. Kuebler, Frederick W. Paul and Christian Schmidt, all of whom have served since the organization of the Company; Samuel Schwarz, who was elected in 1908; Julius Abeles and George J. Busch, who were elected in 1911; and Ray E. Mayham, who was elected in 1922.

The president, Meyer Kussy, has long been regarded as one of the leading bankers of the city and state. Assuming an official position in the West Side Trust Company after a successful career in private business, he possesses a keen insight into banking problems and business conditions to which can be attributed the success of the Company during his administration of its affairs. His reputation for a knowledge of real estate and security values and for rare

judgment in business matters is such that his advice is continually sought by other bankers and business men of large interests, and at the same time he has never lost sight of the importance of serving the interest of the small depositor of a banking institution, and he is as careful and painstaking in giving attention to matters arising from such sources as he is in dealing with larger affairs.

The West Side Trust Company commenced business with a capital of \$200,000, and a paid in surplus of \$100,000. The capital has since been increased to \$300,000, and at this time the surplus is \$700,000, with undivided profits of over \$100,000. Dividends at the rate of 14 per cent. a year are now paid on the capital stock, which has the distinction of having a higher market value than that of any banking institution in Essex County. At the end of the first year the total resources were \$1,420,430.32, and they have now increased to \$8,927,875.14. The Company commenced business in a building located on its present site, but it soon outgrew its quarters,



VIEW OF THE MAIN BANKING ROOM

This well-lighted room is one of the finest banking rooms in the city



Officers' quarters

and in 1914 it erected exclusively for its own use one of the most commodious and imposing buildings occupied by any banking institution in the State of New Jersey.

DEPARTMENTS OF THE BANK

It can truly be said that the West Side Trust Company justifies its slogan "Unexcelled in strength and ability to render every banking service," for it is both an institution of unusual financial stability and one which functions in practically every line of banking, for it has on its books the accounts of over 16,000 individuals, firms, corporations and societies, and its facilities are so extensive and so well organized that not one of them need go elsewhere for any form of banking service. In its commercial department it amply serves the needs of the business of the community, and its investment department takes care of the savings of a small army of men, women and children, affording them an opportunity to practice thrift along lines which have laid the

foundations for either successful business careers, or accumulation for future investment or old age.

BOND DEPARTMENT

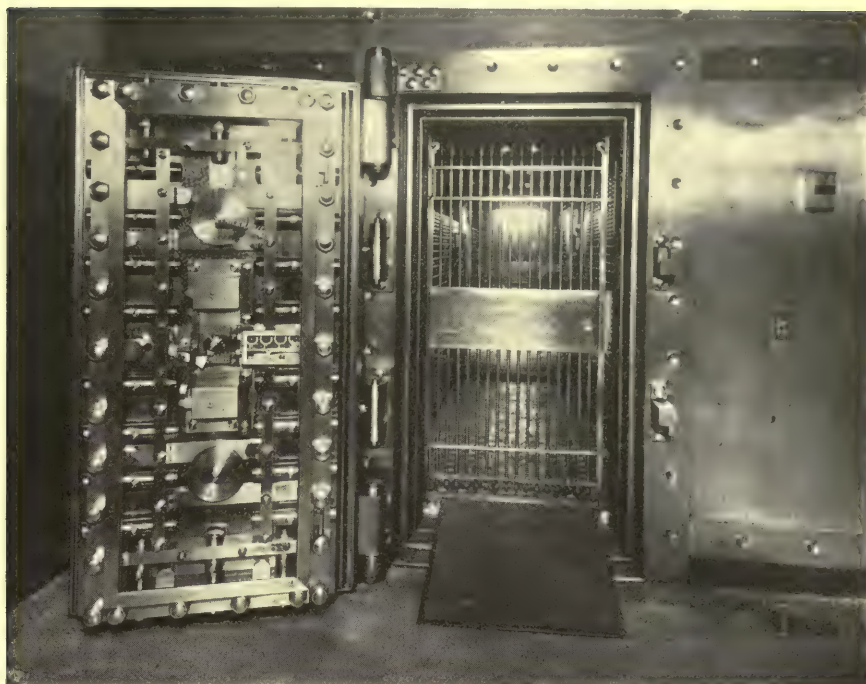
One of the departments for which the West Side Trust Company has more than a local reputation is its bond department, which handles the highest grade government, municipal and corporate securities for investment purposes. The Company, which is a depository for United States, State, County and City funds, has made a specialty of government and municipal securities, and in recent years has played a prominent part in handling the securities of Essex County and the City of Newark and adjacent municipalities. It is also a member of and acts as the local distributor for syndicates headed by some of the largest New York City investment bankers. In offering securities for investment, it has always been its policy to give first consideration to security of principal, and because of this care and conservatism, it has established



Corner of the banking room showing the entrance to the vault in the rear right



Board of directors room



Entrance to the safe deposit vault

a reputation which has given it a position of preëminence in the investment field in Newark and vicinity.

FOREIGN DEPARTMENT

The West Side Trust Company also maintains a well organized foreign department, which because of its direct connections with every European country and other parts of the world is enabled to render a service that is probably not excelled by many banking institutions in the United States. It transfers money by draft, money order or cable, and finances exports and imports, which is a large item in the business of a foreign department in an active industrial center such as the City of Newark. It also sells steamship tickets to and from every port of the world, and special attention is given to taking care of the interests of those who contemplate travel abroad or are bringing friends or relatives to this country. This department is made generous use of by the depositors of the Company, and it also draws business

from firms and individuals in Newark and vicinity, who otherwise have no connection with the institution.

TRUST DEPARTMENT

The trust department is also an active and important department of the Company's business. Due to a campaign of education among its depositors, they are coming more and more to realize the advantages of having a trust company act in fiduciary capacities, and the Company is therefore acting as executor, administrator and trustee for a large number of estates, and in other trust capacities, such as guardian, agent and custodian. Special emphasis has been given to this branch of the banking business by this and other institutions of Newark during the past few years, and the West Side Trust Company has in its keeping a large number of wills of persons who have designated it to act as executor and trustee of their estates.

The advantages of a trust company acting in this capacity are being so generally recognized that it is predicted

that within a very few years the custom of naming individuals to act as executor will be an obsolete one. The officers and directors give special attention to trust matters committed to their care, and because of having a well organized department to handle them, it is possible to do so with much less expense than is the case when they are placed in the hands of individuals, and at the same time to afford the affairs of estates the benefit of the judgment and business experience of the management.

SAFE DEPOSIT VAULTS

The safe deposit vaults are large and well equipped, and afford protection to the valuables of the depositors of the

institution and are made generous use of by them.

The personnel of the West Side Trust Company is of a very high order. The officers and employees are specialists along the lines of their respective duties, and the element of personal contact between the public and the management is one which has always been greatly emphasized. The aim of the Company has always been to be of genuine service to the community, and its progress up to this time has been indicative of its success along these lines. For the future, its ambition is to continue along the lines which have been successful in the past and to attain the highest degree of perfection in organization and service consistent with the best principles of modern banking.



West Side Trust Company, Newark, N. J.



Citizens Trust Company of Buffalo

THE Citizens Trust Company of Buffalo, N. Y., have moved into new and enlarged quarters at the southwestern corner of Ellicott square. This bank is one of the younger institutions in Buffalo, but has made many friends for itself in its six years of existence. The space formerly occupied by the Citizens Trust Company did not extend to the Swan street corner, but the growth of the institution within the last year necessitated an immediate expansion.

No effort has been spared in order to make these new, enlarged quarters of the Citizens Trust Company as beautiful and pleasant as those of any bank in the country.

As a visitor enters the bank from the Main street door, midway between the Ellicott square entrance and Swan street, he is greeted by a handsome bronze statue of the Minute Man, the emblem of the Citizens Trust Company. This bronze statue stands on a pedestal surmounting the marble information desk in the center of the wide lobby.

One of the most pleasing features of the interior decoration is the harmony of color, tastefully expressed in the walls and columns of Caen stone, woodwork of natural walnut and the rich bronze frames of the many tellers' windows.

The tellers' windows stretch out in an unbroken line so that customers of the bank will have no difficulty in finding the window at which they wish to transact their business. On the Swan street side, these windows swing around a U curve to the foreign department of the bank, where a handsome bronze bulletin board is replete with the atmosphere of far-away lands.

The new Swan street entrance to the bank gives immediate access to and from the foreign department. The floor of the bank is of Terrazzo marble, and the banking screens are fashioned from genuine Botticino marble, decorated with bronze. All of these architectural features were designed by Harold V. Cook.

Women customers and visitors will appreciate the ladies' room, where they

can transact their banking with the least bother. This room is also finished in natural walnut.

A feature of the new quarters which visitors have commented on more than anything else, is the solid expanse of windows on both the Main and Swan street sides, permitting plenty of sunshine to stream into the bank. Particular care was taken not to obstruct these windows, because the officers of the bank believed that a well-lighted workroom is the greatest aid to efficient and pleasant service. This policy was carried out in the installation of the finest type of lighting fixtures whereby artificial light is filtered and diffused so that it comes most nearly to daylight.

Additional alterations have been made in the basement of the bank where the safe deposit vaults and fur storage vaults are located. A number of mahogany coupon rooms have been added for the convenience of patrons. New fur storage vaults have also been installed and another refrigerating plant to take care of them.

The officers of the bank are: William H. Crosby, chairman of the board; Norman P. Clement, president; William H. Andrews, Roy H. Griffin, Jesse C. Dann, William H. Hurley, Leo B. Seitz, William F. Chase, vice-presidents; Harry G. Hoffman, treasurer; Bernard M. Norcross, secretary; Gordon B. Cleversley, Oliver A. Weppner, Miles E. Freeman, Anthony J. Kuhn, Chas. W. Covell, Henry A. Walter, Arthur J. Rau, George F. Bates, Vincent E. Doyle, A. Warren Anderson, assistant secretaries.

The directors are: William H. Andrews, E. J. Barcalo, Joseph Block, Norman P. Clement, Adam E. Cornelius, William H. Crosby, Jesse C. Dann, Louis R. Davidson, Jacob C. Dold, Laurens Enos, Roy H. Griffin, Edward B. Holmes, Edward K. Hyde, R. T. Jones, Henry D. Knox, Archer A. Landon, William F. MacGlashan, Edmond D. McCarthy, J. H. McNulty, Henry D. Miles, John C. Schenk, Jacob J. Siegrist, Albert D. Sikes, Horace F. Taylor, Edward G. Zeller.



Office of the president



Office of the vice-president



INFORMATION DESK IN THE CENTER OF THE MAIN BANKING ROOM

The bronze statute of the Minute Man, the emblem of the bank, surmounts the information desk in the center of the lobby



Officers' quarters, the entrance to the safe deposit vault is in the rear at the right



Officers' quarters

Making Banks More Serviceable to Employers and Employees

AS bearing further on the matter of furnishing payroll funds in a form that will eliminate the risk of conveying large sums of currency through the streets, and that will tend to reduce the large stated calls on the banks for actual cash, the following letter will be found of interest. It is addressed to employers, and was prepared by Julian M. Gerard, president of the National American Bank of New York.

Undoubtedly you are interested in any plan that will add to the efficiency of your organization and the convenience and safety of its employees. The National American Bank has a Pay-Roll Service Plan that has many advantages over the present antiquated form of sending a messenger to the bank each week for a large amount of currency in many denominations which is tediously counted into many and various amounts and placed in pay-roll envelopes with the name of the employee separately inscribed on each envelope. Your trusted messenger has unfortunately a fair chance, in these days of holdups and lawlessness, of being seriously injured and your money stolen, with the added possibility of the employer being sued for a large sum by the messenger or his relatives if he is killed or badly hurt. If you pay by your own checks, this new system is of just as much interest to you.

The modern form of efficiently handling the wages and salaries of your employees is as follows:—

A requisition is sent to the pay-roll service window in the National American Bank a day or two before your pay day. This requisition calls for a certain number of pay-roll drafts of each of several denominations. These drafts are substantially in the form of the sample enclosed herewith—for example, there are say one hundred employees of which twenty-five receive salaries of under \$20 per week, thirty receive between \$20 and \$30, forty receive between \$30 and \$50, and five between \$50 and \$75. The requisition would read as follows:—

NATIONAL AMERICAN BANK OF NEW YORK

.....1922.
Deliver to bearer National American Bank pay-roll drafts as follows for which we enclose our check to your order for \$3775, to be credited to our pay-roll account on your books—

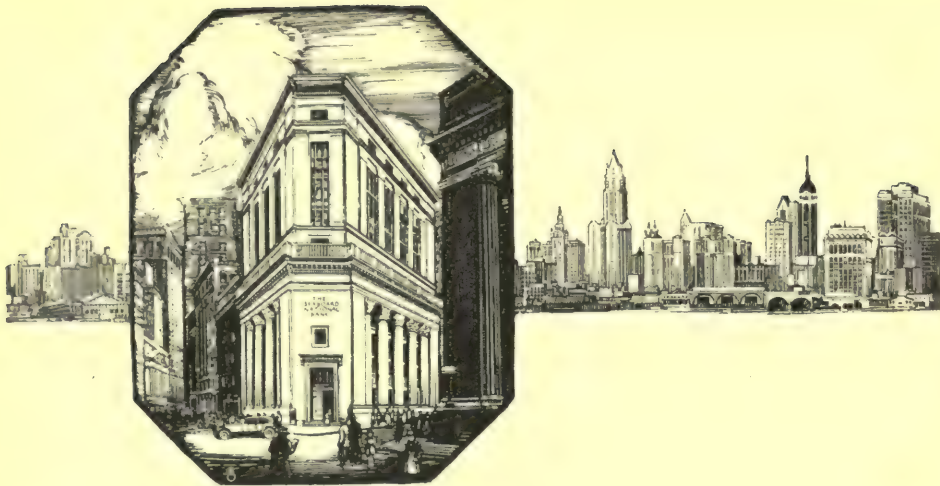
25	drafts not over \$20	\$500.00
30	" " " \$30	900.00
40	" " " \$50	2000.00
5	" " " \$75	375.00

Total\$3775.00

May 15 1922	NATIONAL AMERICAN BANK OF NEW YORK	No. A 338
WILL PAY <u>John Smith</u>		\$21.50
The amount specified herein		OR ORDER
TWENTY DOLLARS AND FIFTEENTS		
Within ten days from date		
(NOT GOOD FOR MORE THAN TWENTY-FIVE DOLLARS)		
This draft must be countersigned below by payee.		NATIONAL AMERICAN BANK
<u>John Smith</u>		By <u>Robt. Roe</u>

Pay roll draft on the National American Bank

May 15 1922	Received this day, NATIONAL AMERICAN BANK of New York draft to my order in payment of my salary in full to date.	No. A 338
<u>John Smith</u>		21.50



What to expect at the Seaboard

IF you have found pleasant and efficient service at the Seaboard and the Mercantile; if you found these banks sound, conservative — and progressive; expect the Seaboard today to be *more* so.

In other words, expect the Seaboard, with its opportunities widened and its facilities increased by the recent merger, to emphasize those policies which have made the two institutions successful.

And, remember, you will now find complete Seaboard banking and trust company services at three important locations.

The Seaboard National Bank

with which is combined

The Mercantile Trust Company

115 BROADWAY

BROAD AND BEAVER STREETS

Resources more than eighty millions

20 EAST 45TH STREET

near Madison Avenue

The drafts are then placed in the hands of your cashier or whoever attends to the paying of your employees. The names of the employees are filled in and the amount of salary each one receives is cut into the draft by a check filling-in machine. The drafts when delivered by the bank are already signed and now become a direct obligation of the bank. On pay day the drafts are detached from the form of salary receipt attached, handed to the employee when he appears and countersigned at once by him; the employee also signs the receipt, the number of which corresponds with the number on the draft. These receipts are retained by the employer in a loose leaf ledger. The employee may then cash his draft at the National American Bank without further identification than his endorsement which will correspond with his counter-signature on the face of the draft. If he prefers he will find no difficulty in cashing the draft at his butchers, grocers or any other place as it is a direct obligation of a national bank and bears its own identification. If drafts are lost or destroyed, the bank is notified, payment stopped and a new draft issued.

As the drafts are paid by the bank they are charged to your pay-roll account and there will always be a slight amount left to your credit in this account to be taken into consideration in sending the next week's check as the total of the salaries actually

paid each week will not be quite as much as the total maximum of the different drafts received from the bank.

This plan is safe, sound and easy of accomplishment. Some of its most apparent advantages are—

1. Elimination of all risks in carrying money through the streets.
2. Decrease of crime by removal of the opportunity.
3. Saving of much time in handling your weekly or monthly pay-rolls.
4. Where employees have bank accounts, they can at once mail the drafts for credit to their accounts.
5. A greater moral effect on your employees—they will have a greater desire to save when they do not handle cash.
6. If you are paying now by your own checks, all risk of check raising, forgery, etc., will, by this system, be entirely assumed by the bank and you will save the time now consumed in making out and signing checks.

From conversation with several business houses it seems probable that the demand for this pay-roll service will be considerable and as we wish particularly to render this service to our neighbors, we would ask you to kindly advise us promptly if you are interested.

An application is being made to have this system patented.



Hard Lot of American Bank Clerks

THE *Journal of the Institute of Bankers* (London) for May contains an excellent article by L. Le M. Minty on "American Methods of Recruiting, Training and Promoting Bank Personnel." The author gives in detail the practices in vogue among the leading American banks, and concludes with a comparison of the merits of the system prevailing in this country and that which exists in England.

The following statement, appearing in the course of the article, will no doubt cause surprise and amusement among American bank clerks.

"American banks do not as a rule provide refectory accommodations for their employees as do the head offices of the English banks. This seems rather a pity, for there exist in New York City no catering firms such as the A. B. C. or Lyons in London, which provide meals to suit the average clerk.

Unless he can afford to join one of the city clubs, such as the Bankers Club, which provide excellent meals and service, but are mostly above the means of a clerk, he has not much choice of restaurants, and if he does not relish the company of elevator men and taxicab drivers, usually contents himself with a sandwich and waits till seven o'clock or so when he gets home."

There was once a British character in a play, who complained of the high-priced hotels and restaurants in New York, but conceded that there were some of the cheaper sort—"the Children's restaurants, I think they call them."

Evidently the "Children's" restaurants, not to mention some thousands of others of varying grades, have escaped the observation of the writer of the article mentioned above.

Making Bank Checks Safe by Insuring Them*

WITH \$50,000,000 lost in one year through fraudulent checks it is not surprising in the least that there is a large and growing demand for insured bank checks on the part of the bankers themselves and their clients. The Bankers Supply company, the largest manufacturer of bank checks in the world, and with headquarters in Chicago, New York, San Francisco, Denver, Atlanta and Des Moines, is taking care of this demand through the sales of its supersafety insured bank checks.

Through these checks, which are insured by the Hartford Accident and Indemnity company, the bank patron is protected against fraudulent check alteration. With pay roll robberies quite common now, the company which has its pay checks written on the super-safety paper is protected against the robber as well as against the ordinary check raiser. Each check is guarded by a bond insuring the writer and his bank against loss.

The story of the development of super-safety checks is a long and interesting one, but lack of space makes it necessary to condense it here.

C. B. Chadwick was the man with the idea and the man who saw and is seeing the idea put through to success. Mr. Chadwick began his business career as a traveling salesman. For years he called on the bankers of the company, and it was during his service that the idea occurred to him that there was a great need for a nation-wide system of some kind to protect the 30,000 banks of the United States against check manipulators. This idea gradually developed through study and investigation on the part of Mr. Chadwick.

In 1905 an opportunity presented itself and Mr. Chadwick purchased the controlling interest in a small lithographing business in Denver. Thus the Bankers' Supply company was founded. Mr. Chadwick was the sole sales representative on the road in the early days of the company. He kept hammering

away with his big idea and gradually bankers throughout the country began to sit up and take notice. Then by a lucky experiment Mr. Chadwick's company discovered an ink impervious to water, but highly sensitive to acid and rubber and knife erasures. The company's "Uneek" and "Special Pantagraph" checks rapidly became popular with bankers who wanted safety checks.

About seven years ago Mr. Chadwick felt that the time was ripe to put his big idea into action. He called upon many bankers and wrote to thousands of others asking for data on check losses and for advice on the feasibility of check insurance. He was urged on by many words of encouragement from the big bank heads of the country, but at that time he found no insurance company in a position to take the risk of underwriting checks at a low rate on imperfectly protected paper or on safety papers ordinarily sold through printers and lithographers without any means of knowing exactly what use might be made of the blank sheets.

Thus it became necessary to proceed along another channel. Immediately Mr. Chadwick began experiments looking toward the successful production of an exclusive safety paper by one of his own factories. Finally he was rewarded with success in his efforts and Super-Safety Paper was perfected. At once new negotiations were begun with insurance organizations looking toward the insurance of checks manufactured on this superior safety paper which had been successfully produced.

An insurance company became interested and contracted to insure all checks made on super-safety paper, crowning with success at last the patiently persistent efforts of this man, whose life is so full of successes.

"I desired no quibbling or cavilling about the protection which I desired to place upon the bank checks made by our

company," said Mr. Chadwick, "but was determined to give them real protection of actual indemnifying value through insurance in a company officered by men of unimpeachable character and ability. The bankers themselves are supplying me with a most gratifying approval of this step which we have taken to protect them and their depositors. Their letters of congratulation and good will are the source of great pride and satisfaction to all of us. Their orders daily given to our hundred representatives in all parts of the country cause me to feel that the patient efforts of myself and my associates are really appreciated. We are very happy to have served our friends well."

To sit across the businesslike desk

of this man at the head of a great industry, serving thousands of banks in the United States and several foreign countries, is to marvel at the organizing ability and driving force of character which has guided to success a business so intimately connected with the financial institutions of the country. Surrounding himself with an organization of loyal co-workers, delegating to them their proper spheres of activity, constantly maintaining contact with every phase of the business and encouraging his associates and assistants by the example of his own driving energy and resourcefulness, C. B. Chadwick represents splendidly that forceful American type of business executive which accomplishes great things.



First National Bank in St. Louis to Open Branch Offices

THE First National Bank in St. Louis, has announced through its president, F. O. Watts, its plan to open offices at important centers of business within the city. This announcement is nation-wide in its significance in view of the years-old tradition that national banks were limited under their charters to a single location. Some months ago Mr. Watts had his attorneys take up a special study of the Federal law with reference to this point and they rendered the opinion that the law does permit a national bank to establish additional places of business within the city in which it is located. This opinion was submitted to the present comptroller, D. R. Crissinger, who has concurred in this view. It is therefore with the full knowledge of the Comptroller of the Currency that the First National Bank is thus preparing to render a broader banking service to the people of this city. This is in keeping with the forward-looking policies and plans

under which the consolidation which resulted in the First National Bank was effected when the St. Louis Union Bank, the Third National Bank and the Mechanics-American National Bank were merged. President Watts stated that the view commonly accepted for so many years restricting national banks to a single location was found to have been based upon an administrative ruling of a former Comptroller and had no foundation in law.

The First National Bank is doing a splendid piece of pioneering which has aroused great interest throughout the country and President Watts has been receiving letters and telegrams from national bankers in other cities asking for copies of the opinion which was prepared by Jones, Hooker, Sullivan and Angert.

Leases have already been taken by the First National Bank on several locations and others will follow as rapidly

as possible. The bank expects to open some of its supplementary offices by June 1. Mr. Watts stated that these offices located in several sections of the city would not only be centers for a commercial business but would also be a great convenience for the increasing number of people who are opening sav-

ings accounts. It will bring the bank to the people, thus reversing the old practice of forcing the people to go great distances to the bank.

These offices will also be the location for branches of the First National Company which is the investment division of the First National Bank.



“Letters From the Front”

THUS far there has not come to notice any such elaborate and worthy literary recognition of the war services of bank officers as these two large and handsome volumes of “Letters from the Front” afford. They have been edited by Charles Lyons Foster and William Smith Duthie and published by the Canadian Bank of Commerce.

Probably few banks have such a record to present—a fact made clear when it is known that over 1700 of the men employed in the bank enlisted in the service. This was over sixty per cent. of the total of the male staff.

In the first volume are presented numerous letters from the front, ranging in character from humorous accounts of the soldiers’ experience to heart-moving messages to loved ones, composed in the shadow of impending death. These letters have an interest of their own, and are moreover valuable from the standpoint of history, comprising as they do first-hand observations of various phases of the great conflict.

The second volume contains a concise record of each enlisted man. Both volumes are elegantly printed, and are illustrated with portraits of the men and women who went from the bank to serve their country, with numerous medals and decorations awarded for heroic ac-

tion, and with a map showing the chief operations in the western theater of war. Sir John Aird, general manager of the bank, contributes a fitting introduction.



The Memorial Plaque presented to the next of kin of those who lost their lives in the Great War

These volumes are an appropriate commemoration of the patriotic services of the 265 men from the bank who gave their lives for their country, and of the larger number who also stood ready to offer this supreme sacrifice.

Book Reviews

OUR ELEVEN BILLION DOLLARS. By Robert Mountsier. New York: Thomas Seltzer.

"Our Eleven Billion Dollars" is the work of an American correspondent who has divided the last twelve years between Europe and the United States, writing for the American and foreign press and preparing financial and industrial reports for various organizations in this country. The book takes up in popular form the economic situation of Europe, especially dwelling upon the immense debts of foreign countries to the United States, and the importance of these debts to the man in the street, how the individual well-being of the American citizen will be affected by the payment or non-payment of our "eleven billion dollars". Mr. Mountsier has no illusions as to the intention of Germany to take an honest part in the economic structure of the world, nor does he labor under any false conceptions as to the disinterestedness of most of the schemes advanced by European financiers to get-Europe-rich-quick. To quote from the book, "The need of the United States—indeed of every country, since the economic structure of all has been affected by the war—is a world economic conference, and this conference of the nations should be held in Washington."



NEW YORK LAWS AFFECTING BUSINESS CORPORATIONS. New York: United States Corporation Company.

A working copy of the laws of New York affecting business corporations, with the amendments made by the legislature of 1922. The book includes the Business Corporation law, the General Corporation law, the Stock Corporation law, the provisions of the Tax law applicable to private business corporations, the Uniform Stock Transfer act, provisions of the Penal Code relating to monopolies and the provisions of the General Business law relating to fraudulent practices in respect to stocks, bonds and other securities; also the official recording and filing fees, to-

gether with a synoptic analysis in which the relationship of the various corporation laws and their provisions, are co-ordinated and digested—all comprehensively indexed.



BANKING PRINCIPLES AND PRACTICE. By Professor R. B. Westerfield. New York: Roland Press.

The first volume of this series of five is entitled "Elements of Money, Credit and Banking". It comprises an explanation of the uses to which metallic money is put and its importance in the financial world, as well as instruction in the uses of money and the system which regulates its value. From money the book passes to a discussion of credit, government securities and paper money, and thence to banks and banking, which the author discusses from the American point of view, and along the lines of the American system.

The second volume is devoted to the banking system of the United States, including an explanation of the Federal Reserve System.

In the third volume the author describes in some detail domestic methods of running a bank; the system of book-keeping, method of receiving and paying checks and deposits, methods of collections—all the various duties in the daily routine of a bank's work.

Volume four is a continuation of volume three and is devoted to telling the methods by which a bank is made to pay dividends. It shows how interest is calculated, and how money rates advance and retard.

In the last volume of the series the foreign department of a bank is discussed. Foreign banking methods are taken up very thoroughly, and the reader is able to make comparison of American system with those in vogue abroad. Letters of credit are fully described. This volume contains a very interesting chapter on the subject of converting foreign money into American dollars, and although the figures are of little value owing to the present low value of foreign currency the system remains the same.

Foreign Trade and Travel

By sending representatives abroad to study the post war conditions of foreign countries, as well as adding all the experience and observation available here at home with reference to your requirements in connection with your foreign trade and foreign travel, we have established our FOREIGN DEPARTMENT in the minutest detail, so there is probably no service you could find in any other city or port that is not available at the FIRST NATIONAL BANK
in St. Louis

Largest National Bank West of the Mississippi

Banking and Financial Notes

SPECIAL

**The BANKERS
MAGAZINE**

SECTION

Review of the Month

The Business Situation Throughout the Country as Reflected in the Opinions of Banks and Bankers

"PRONOUNCED increase of activity has been characteristic of many basic lines of industry during the past month," says the April bulletin of the Federal Reserve Board. "It has been particularly noticeable," continues the bulletin, "in the metal working industries, while metal mining operations have also reflected the tendency to an upward movement." The bulletin says further:

In steel and iron manufacture it is now estimated that, taking the industry as a whole, about seventy per cent. of plant capacity is being utilized. The reopening of many of the important copper mines is partly the result of the great reduction in surplus copper stocks and partly the outcome of increased demand, both domestic and foreign. There has been a decided increase in physical output of zinc and some advance in lead ore prices. The automobile trade has shown a very decided gain, the March output both in trucks and passenger cars being more than fifty per cent. ahead of that for February while many plants are reported as fully employed.

Active demand for building materials has had a favorable effect not only upon the metals but also upon other lines of industry. The total value of building permits for March was almost twice as great as that for February and more than twice as great as that for March, 1921. The lumber industry has notably expanded operations.

In cotton textiles the month has been much less encouraging. There has been a reduction in mill activity, largely due to the widespread strikes in the New England districts. On the other hand, demand for cotton goods has been fairly well sustained. In the southern districts mills generally continue to operate at a level close to full

capacity, although with some tendency to accumulation of stocks. Boots and shoes have shown great irregularity as between different producing districts. Very much the same is true of the woolen manufacture. A conspicuous development has been the shifting of demand from worsted to woolsens.

Leaving out voluntary unemployment, the result of strikes, a decided increase in the number of employees at work is noted. There has been a 2.5 per cent. increase during the month in the number of workers employed by firms reporting to the U. S. Employment Service. The improvement noted will, however, be offset to some extent by the widespread unemployment in the coal mining industry as well as in the New England textile centers.

Wholesale and retail trade have reflected to some extent the improvement in industrial conditions. Such improvement is in part seasonal but also contains an element of growth due to better business conditions. Figures compare favorably with those of a year ago, particularly in hardware lines which are affected by the greater activity in building. In the retail trade also a very general advance has taken place, in spite of the late Easter and the bad condition of the roads in the rural sections. Agriculturally the month has not been altogether promising. Spring planting has been retarded by the cold weather and continued rains.

Prices continue relatively stable. The Federal Reserve Board's wholesale price index for March advanced one point. Few conspicuous changes in the prices of entire groups of commodities are indicated.

Financially the month shows the same tendencies as during March and February. Foreign exchange has been much more stable. Interest rates have continued on a very low basis with slight tendencies to decline. An apparent shrinkage of commercial credit has been indicated by further

falling off in the rediscounts of the Federal Reserve Banks, although an upward movement is again to be noted in the loans and discounts of member banks in many parts of the country. A more promising outlook in export trade is apparently indicated by another growth in our favorable balance, although it is still uncertain whether this is due to temporary causes or to a general revival of European demand.

But for labor disturbances the industrial outlook would be pronounced definitely good with evident promise of improvement even in those directions, such as foreign trade, in which heretofore prospects have been unsatisfactory.

AGRICULTURE

Current production of winter wheat was estimated on April 1 to amount to 572,974,000 bushels, or 2.4 per cent. less than in 1921; while production of rye was estimated at 69,667,000 bushels, or about twenty per cent. greater than the crop of 1921. Condition of winter wheat in District No. 10 (Kansas City) was greatly benefited by snows and rains during March and the first week of April, but in sections of the Great Plains much of the wheat was killed by the long dry season which extended from early autumn to the latter part of the winter. In District No. 8 (St. Louis) the winter wheat crop has a fine stand and good root growth, although floods have entirely destroyed the crop upon thousands of acres of bottom lands. Winter grains are in fine condition in District No. 7 (Chicago) and little wheat acreage has been abandoned.

The planting of spring crops has been much delayed due to the cold weather and continued rains. District No. 8 (St. Louis) reports that there are slight increases in acreage of corn planted in Arkansas, Mississippi and Tennessee, while there are smaller plantings in Kentucky. An increase in corn acreage is reported from District No. 10 (Kansas City), but seeding of oats has been greatly retarded by wet weather. Wet soil also has interfered with the planting of potatoes in Kansas and Nebraska, although indications still point to a normal acreage. Contracts for sugar beets signed prior to April 8 provide for 111,550 acres in Colorado, 44,919 acres in Nebraska, and 13,000 acres in Wyoming at a minimum price of \$5 per ton of beets. In District No. 7 (Chicago) wet weather has prevented many farmers from sowing oats which may cause an increase in the acreage of corn. Precautions are being taken to prevent the European corn borer from reaching the corn belts from infested territory in eastern states.

MARCH COAL PRODUCTION

March production of bituminous coal was 50,193,000 tons, the highest record for any March during the past ten years and an increase of twenty-three per cent. over last

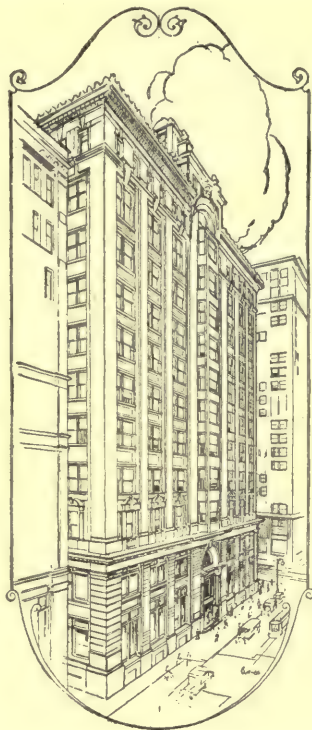
month and of sixty-five per cent. over March, 1921. During the first week of the strike, production dropped to 3,793,000 tons, as compared with 5,590,000 tons during the first week of the 1919 coal strike. Stocks in the hands of consumers on April 1 were 63,000,000 tons, with 4,000,000 tons in storage on the Lake docks. Although it is estimated that the supply, with weekly production, is sufficient for four months' consumption and export, this does not mean that some sections and industries may not feel a shortage much earlier, due to unequal distribution. On account of the heavy reserves of consumers and dealers, bituminous markets have felt little stimulus from the lessened output resulting from the strike.

Production of anthracite for the month was 8,757,000 tons as compared with 6,762,000 tons in February and 7,406,000 tons during March last year. Demand for hard coal has been but little affected by the almost complete suspension of mining since April 1. With very few exceptions domestic consumers are buying to satisfy immediate needs only as they do not fear any shortage as a result of the strike.

Production of bee-hive coke for March was 732,000 tons, with a production of 191,000 tons for the week ending April 1, the heaviest weekly tonnage during the year. By-product coke production increased from 1,795,000 tons in February to 2,137,000 tons in March. There have been no general advances in price, but a stiffening of quotations occurred early in April, due to the sharp decline in output. Stocks of by-product coke exceed 1,000,000 tons and there is no change in production, as these furnaces have large supplies of bituminous.

UPWARD TREND IN PETROLEUM

Production of crude petroleum throughout the United States continued its upward trend during March, reaching the new record of 46,916,000 barrels. In District No. 11 (Dallas) 16,246,680 barrels were produced, as compared with 13,759,335 barrels during February. The daily average yield showed an increase of 32,682 barrels over the flow during February. In this district there was a general resumption of drilling operations. The number of wells completed totaled 358 which included 268 producers as against 223 producers completed during February. District No. 10 (Kansas City) reports that approximately 15,406,400 barrels were produced during the thirty-one days in March as compared with 13,794,000 barrels for the twenty-eight days of February and 14,392,000 barrels for the thirty-one days of March, 1921. In District No. 10 (Kansas City) 633 wells with a daily new production of 137,967 barrels were completed, as compared with 433 wells during February and 765 during March, 1921, with daily new production of 67,953 barrels and 70,910 barrels respectively. District No. 12



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(San Francisco) likewise reported an increased production of 8970 barrels per day over February. Shipments of crude petroleum, however, declined 14,164 barrels per day from the previous month. Fifty-eight new wells were opened during March with an initial daily flow of 22,000 barrels, but two wells were abandoned. Stored stocks in District No. 12 (San Francisco) were 37,991,694 barrels on March 31 as compared with 1,289,884 barrels on February 28.

An increase from \$1.25 to \$1.50 per barrel in the price of Mexia crude oil was announced during March. The price of Mexia has risen from sixty cents to \$1.50 per barrel during the last five months in the face of an enormous increase in production.

IRON AND STEEL

Improvement has continued in the iron and steel industry, although the coal strike has served to inject a factor of uncertainty into the situation. March pig iron production amounted to 2,034,794 tons, as compared with 1,629,991 tons during February, while steel ingot production showed a somewhat greater increase, from 1,745,022 tons to 2,370,751 tons. Operations of the leading interest have been at slightly over seventy per cent. of capacity, and of the independents at between sixty and sixty-five per cent. Activity in District No. 3 (Philadelphia) is

still on a somewhat lower scale than in other sections. Accompanying this increase in production was an increase in sales, the unfilled orders of the U. S. Steel Corporation advancing from 4,141,069 tons at the close of February to 4,494,148 tons one month later. March bookings of mills and furnaces are said by District No. 4 (Cleveland) to have been the heaviest in about two years. Not only have sales increased and operations expanded, but prices have exhibited a firmer tendency than has been evident for several months past. In many instances quotations have been advanced, both for pig iron and for steel products. Curtailed purchasing has however usually followed the announcement of an advance, for consumers have generally been given the opportunity to place orders at the old figure before the advance is made. In part the general situation reflects the fear of a possible shortage as a result of the coal strike, and this has continued a potent factor throughout April. At least a part of recent purchases have been for stocking purposes. The influence of the coal strike has been brought sharply home to the industry by the unexpected cessation of work by non-union miners in the Connells-ville region, which is a leading source of beehive coke. Most plants however are reported to have sufficient fuel to last for some time, but there is naturally hesitation to expand operations further.

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,500,000 Undivided Profits \$515,000

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INTEREST ALLOWED ON DEPOSITS.

AUTOMOBILES

Both production and shipments of automobiles increased during March. Manufacturers who produced 98,487 passenger cars in February built 152,512 cars in March, an increase of 54.9 per cent., while companies building 12,861 trucks in February had an output of 19,349 trucks in March, an increase of 50.4 per cent. Carload shipments increased from 19,636 in February to approximately 25,210 in March. Orders for passenger cars are coming in at a good rate in District No. 4 (Cleveland), and part of the improvement in truck business is ascribed to reduction in stocks held by dealers.

NONFERROUS METALS

Only a few copper companies in the United States now remain closed. The four porphyry copper companies resumed operations on the first of April. Copper production during March showed an increase of about sixty-five per cent. over the production for February, amounting to 61,867,403 pounds as compared with 37,415,808 pounds in February, but was 27,259,762 pounds less than in March, 1921. Sales of copper were the largest since November, but the price of electrolytic copper delivered in New York was 12.625 cents per pound on April 15 as compared with fourteen cents per pound in December. Zinc production for March totaled 26,532 tons, an increase of 4019 tons over February and 10,791 tons over March, 1921. District No. 10 (Kansas City) reports total shipments of 31,601 tons of zinc ores as compared with 27,043 tons during February and 22,138 tons during March a year ago. Stocks of zinc ore held in bins of the producers throughout the district amount to approximately 54,000 tons.

BUILDING REACHES NEW HIGH LEVEL

Number of building permits issued, value of permits issued, and value of contracts awarded all reached new high levels during

March. Total value of permits issued in 166 selected cities amounted to \$259,508,703 in March, as compared with \$141,715,243 in February and \$126,472,031 in March, 1921. The value of permits issued was greater in March than in either February, 1922, or March, 1921, in each of the twelve Federal Reserve Districts. Increases in March over February varied from eighteen per cent. in District No. 1 (Boston) to 188 per cent. in District No. 9 (Minneapolis), while increases over March, 1921, ranged from eight per cent. in District No. 11 (Dallas) to 238 per cent. in District No. 2 (New York).

The value of contracts awarded in seven Federal Reserve Districts (statistics of which are compiled by the F. W. Dodge Company) increased from \$161,438,750 in February to \$264,651,165 in March. Large increases were recorded in each of the seven districts. The value of contracts awarded for residential purposes in these districts amounted to \$112,577,397 in March, an increase of fifty-seven per cent. over February and of 100 per cent. over March, 1921.

Reports from District No. 3 (Philadelphia) indicate a great expansion in building operations, which is particularly noteworthy in the case of residential building. Operations in District No. 4 (Cleveland) have been somewhat hampered by strikes, but are nevertheless showing steady growth. A building exposition is to be held in Cleveland to stimulate the building of homes and to advertise various types of house furnishings. In District No. 5 (Richmond) new construction is showing more activity than repairs and alterations, and architects and builders have as much work as they can handle. The value of building permits in nineteen of the twenty-four reporting cities in District No. 7 (Chicago) was over 100 per cent. greater than in February. District No. 10 (Kansas City) reports that there is not only unprecedented activity in the erection of houses and apartments, but also great activity in the erection of public buildings and school buildings.

WHOLESALE TRADE

Percentage of increase (or decrease) in net sales in March, 1922, as compared with the preceding month (February, 1922)

District No.	Percentage	Groceries Number of Firms Report- ing	Percentage	Dry Goods Number of Firms Report- ing
2	28.4	41	9.2	3
3	12.4	47	19.8	15
4	21.2	23	3.5	13
5	13.9	46	23.2	16
6	18.4	29	29.2	21
7	27.6	35	8.4	9
9	31.7	59	-2.1	6
10	19.2	10	10.0	8
11	12.3	32	-0.4	12
12	21.1	32	23.5	13

Percentage of increase (or decrease) in net sales in March, 1922, as compared with March, 1921

2	0.4	41	-14.3	3
3	-17.4	47	-17.5	15
4	-12.6	23	-18.6	13
5	-10.1	46	-18.0	16
6	-7.0	29	-17.0	21
7	-10.1	35	-9.9	9
9	-3.9	59	-22.4	6
10	-3.7	10	-0.1	8
11	-9.2	12	-27.2	12
12	-12.9	32	-2.1	13

It is difficult to generalize concerning the variations in the sales of reporting wholesale firms, for two reasons. First, returns have been available for only a limited number of months, and secondly, they cover a period during which violent price changes have occurred. However, the very pronounced and general advances in sales occurring in March are undoubtedly seasonal. This will be evident when comparisons are made with sales for the same month a year ago. With due allowance for price declines the showing is favorable but not unusual. Reports comment upon the bad weather as having interfered somewhat with retail trade, especially in the southern districts, thereby retarding purchases from wholesalers. In Districts No. 2 (New York) and No. 3 (Philadelphia) sales of builders hardware resulting from an increase in building operations have helped swell the sales of hardware. Collections on the whole in all reporting lines appear to have improved.

RETAIL TRADE

Retail sales for March throughout the country showed the expected seasonal increase when compared with those for February, due partly to the longer month, but they were not as large as for March, 1921. Allowance must be made, however, for the decline in prices and the fact that Easter came in March last year. Because of the latter circumstance, the sales for the first three months of the year compared unfavorably with those for the corresponding period last year. In country districts the decline in trade from last year is attributed partly to the bad weather and muddy roads, while in coal mining centers, the strike has affected business. In the United States as a whole, however, the stores are beginning to feel the results of the improvement in the employment situation.

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March sales for 446 stores in the United States showed a decrease of 14.5 per cent. from those of last March. The figures for District No. 12 (San Francisco) are the least unfavorable, a decrease of 6.2 per cent., while in District No. 6 (Atlanta) trade suffered a decrease of 24.4 per cent. At the end of March the stores held larger stocks than they did in February, as the Easter buying had scarcely commenced. All but three districts show increases in stocks on hand over those held last March. The ratio of average stocks at the end of the first three months to average monthly sales during the same period was 453.2, showing a better rate of turnover than was the case a month ago, but comparing unfavorably with that for last March. At the end of March the percentage of outstanding orders to total purchases for 1921 was lower for all districts than at the end of February, which would seem to indicate that the bulk of the spring and summer goods had been received by the end of March, or that the buyers were depending upon fill-in orders to meet the demands of the season.

SMALL CHANGES IN PRICES

Whatever price changes have occurred during April have been of very small dimensions. Among the agricultural commodities,

wheat, corn and oats averaged about one cent higher in the first three weeks of April than in March. On the other hand, prices of cotton, cattle, hogs and meat products were a shade lower than in March, and sheep prices declined heavily. In the same way, only small changes occurred in the prices of most of the leading metals and coal although pig iron advanced on the average between 50 cents and \$1.00 a ton, while lead advanced about three quarters of a cent a pound. Lumber prices were practically unchanged. The same stability characterized manufactured goods also. The American Woolen Company advanced prices of certain of their fabrics slightly, but woolen and worsted yarns have been practically unchanged. Cotton yarn prices have been fractionally lower, while any reductions which may have occurred in cloth have been slight.

The Federal Reserve Board index of wholesale prices for March (revised figure) stood at 147 as compared with 100 in 1913. This was one point higher than the index for February. Increases occurred in agricultural commodities, pig iron and coke among the raw materials, and in cotton seed oil, burlap, certain chemicals, sugar and meats among the finished goods. There were decreases in hides, silk, coal, copper, and tin; in certain petroleum and steel products, rubber, brick, and in a considerable number

of foodstuffs. Otherwise commodity prices were largely unchanged.

Retail prices of food during March were somewhat lower than in February, the index of the Bureau of Labor Statistics standing at 139 as compared with 142 in the earlier month.

INTEREST RATES AND DEPRESSIONS

Wholesale prices, interest rates, and business depressions are represented in the accompanying diagram. Each space on the diagram from left to right represents one of the years from 1860 to 1922. The years that are cross-hatched are those of severe business depression. The course of wholesale prices is represented by the upper irregular line with its two great peaks during the Civil War and the World War. These prices are taken as being equal to 100 in 1914.

Running through the diagram is an irregular line crossed by a short vertical line in each year. This represents the course of interest rates on sixty to ninety day commercial paper. The short vertical lines show the range of the monthly averages from highest to lowest, and the continuous irregular line running through them shows the average rate for each year. These rates as plotted have been multiplied by ten, so that fifty on the diagram means an interest rate of five per cent., and 100

The Statement

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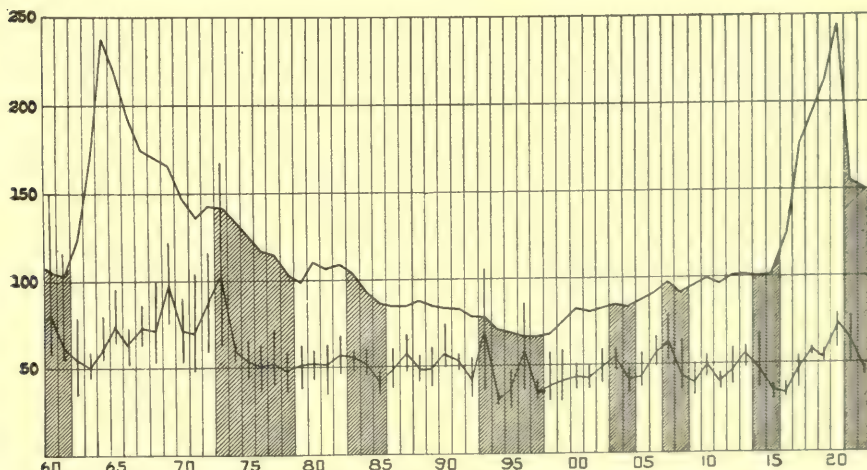
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one of ten per cent. The diagram and the extract which goes with it are taken from the *Business Bulletin* of the Cleve-



Divisions from left to right represent years from 1860 to 1922. Upper irregular line shows wholesale prices if those in 1914 are taken as 100. Shaded years are business depressions. Lower irregular line shows interest rates multiplied by 10. Short vertical lines show range of interest rates from highest to lowest monthly average for each year

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land Trust Company. The extract reads:

Twenty-four of these sixty-three years have been years of depression, and it would be reasonable to add the years 1869 and 1870 to this list. These two years were a period of hard times, but not definitely years of serious business stagnation. It is noteworthy that as many as four years out of each ten have been years of depression. Each such period has coincided with a time of falling prices, and this has been true even when the general, long-time trend was rising. Even during the depression of 1914 and 1915 there was a fall in prices in the earlier year, although this is hardly evident in the diagram.

Interest rates have in every depression been abnormally high when business difficulties grew acute at the outset of the period, and have fallen as the depression ran its course. The protracted period of business and industrial troubles from 1893 to 1897 was really a double depression with recovery and rising interest rates in 1895 and part of 1896 followed by another decline.

The course of interest rates in such periods as these is one of the most reliable indicators of what is happening in the business world. As the period of prosperity preceding the depression culminates, costs of industrial production and business operation increase so much as to reduce profits. As a result manufacturers cut down production and endeavor to secure prompt payment of outstanding accounts. During this period money rates advance.

Later on, as debts are paid and business slows down, idle money accumulates and interest rates fall. At such times production is low, profits are cut into or disappear, failures are numerous and unemployment is seriously prevalent. We are in one of these periods now.

When these conditions have maintained for a short time enterprising and courageous men take advantage of the prevailing low rates of interest to purchase equipment and undertake construction that will eventually be needed in their businesses, and that can now be secured at lower costs for money, labor, and materials than would have been possible in the preceding periods of prosperity. This is taking place now. Interest rates are low and prices and wages are greatly reduced from former levels. The railroads are buying, construction is booming, pig iron production is rapidly increasing. The country is emerging from the depression.

RADIO EXPANSION

The current letter of the National City and State Bank, Richmond, comments as follows on the growing popularity of the radio:

1781

The Oldest Bank in America

CHARTERED by the Continental Congress in 1781, the Bank of North America is the oldest bank in the country, the period of its existence spanning the entire history of the nation since the close of the War of Independence.

Today with Capital of **\$2,000,000**, Surplus of **\$3,000,000**, and Undivided Profits of **\$482,664.26**, this bank is better prepared than ever to fill its important place among the great financial institutions of the United States.

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Rush to purchase radio equipment has reached a stage where manufacturers cannot keep up with their orders. Of the seventy-one licensed radio broadcasting stations in the United States, seven are operated by department stores, some of which report weekly sales of equipment amounting to \$5000 or more. Residential outfits are being installed everywhere and elaborate apparatus is being ordered in many cases.

This may be said to be our newest industry, but it is likely to have a great future for the opportunity to hear news, operas, concerts, addresses, and sermons throughout the day, and virtually without costs, appeals strongly to the masses.

Elaborate plans are being formulated for extending this service and it is expected that by the time that the next president of the United States is inaugurated, people in all states will be able to "listen in" on his address. The art is still in its infancy and it is expected that the next year or two will witness a marvelous development for the work is fascinating and a service which brings the news every hour into your home is bound to become popular.

RAILROAD EARNINGS

Railroad returns for February are commented on as follows in the current letter of the National City Bank, New York:

Complete returns of railroad operations in February, filed with the Interstate Commerce Commission show the gross earnings of the 201 class 1 roads to have been \$401,426,672, which was \$5,068,907, or 1.2 less than the earnings of the same roads in February of last year. Owing, however, to a reduction of \$60,144,748, or more than fifteen per cent., in operating expenses, net earnings aggregated \$76,925,538, against \$21,849,697 in February, 1921. Although the gross earnings were slightly less, the carriers handled about fourteen per cent. more tonnage than in February, 1921, the rates of charges being less. According to the figures given out by the Association of Railway Executives, the net operating income in February was at the rate of 4.57 per cent. on the tentative valuation of the roads as fixed by the Interstate Commerce Commission.

For the first two months of the present year, operating revenues total \$796,823,889, showing a decrease from the like period in 1921 of \$80,334,381. Operating expenses, on the other hand, amounting to \$662,105,068, were \$164,947,673 less. Notwithstanding the heavy falling off in gross, therefore, net operating revenues of \$134,718,821 were \$84,613,292 greater, and net operating income was \$77,304,711, instead of a deficit of \$3,626,343 for the first two months of 1921.

The Interstate Commerce Commission has announced its tentative valuation of the Boston & Maine system, which shows an ex-

cess of \$59,898,967 over the outstanding indebtedness and capital stock, and a property value for the stock of \$251 per share. The findings are summarized as follows:

Tentative valuation, B. & M., including leased and affiliated lines June 30, 1914	\$244,141,072
Add non-carrier property	4,107,252
Total June 30, 1914	248,248,324
Add additions and betterments since 1914	33,304,802
Valuations as of Dec. 31, 1921	281,553,126
Investment as shown by books Dec. 31, 1921	256,919,350
Excess value over investment	24,633,776
Capitalization Dec. 31, 1921	221,655,159
Excess value over capitalization	59,898,967
Equity a share of common stock	251

THE 1921 COTTON CROP

The Liberty Central Trust Company, St. Louis, has made, through its statistical department, a brief analysis based upon the census bureau's final ginning figures for the 1921 cotton crop, by counties. The main purpose is to make certain comparisons with the results attained in 1920. The analysis reads in part:

The mere statement that during the season just closed only 7,976,555 bales of cotton were ginned, showing a reduction of 39.1 per cent. from the 1920-21 figure of 13,270,970, is misleading. It fails to take into account those variations which are always in evidence, not only in the several states, but in different sections of the same state. It is proper, therefore, to go into greater detail; in doing so we will discover that some portions of the cotton producing area made very creditable records, while others showed an abnormal reduction in yield.

Taking the state as a unit, we see that there is a wide diversity in production figures, as compared to the season previous. The table below shows this clearly:

1921 crop, per cent. of 1920	
Tennessee	94.5
Mississippi	90.7
Missouri	89.3
Alabama	87.5
North Carolina	84.6
Virginia	76.2
Louisiana	73.0
Arkansas	66.7
Florida	62.9
Georgia	56.8
Texas	51.3
South Carolina	47.6
California	44.7
Arizona	40.8
Oklahoma	36.7
United States	60.1

REPORT OF WAR FINANCE CORPORATION

Commenting on the War Finance Corporation's report of advances totaling more than \$300,000,000 to April 1, *The Index*, published by the New York Trust Company, says:



THIS BANK offers complete facilities for the transaction of every kind of banking business.

Collections made promptly and on favorable terms on every part of the world

Foreign Exchange Bought and Sold

Commercial and Travelers' Letters of Credit

Correspondence and inquiries invited

Capital - \$3,000,000
Surplus and
Profits - 8,300,000

E. F. SHANBACKER
President

The
FOURTH STREET
NATIONAL BANK
Philadelphia

MARINE TRUST COMPANY

OF BUFFALO

Established 1850

ELLIOTT C. McDOUGAL, President

Nineteen Offices

Capital and Surplus . . \$17,000,000.00

It is important to keep always in mind the fact that the War Finance Corporation was set up as a temporary expedient to meet an emergency. Unless, therefore, the War Finance Corporation is made a permanent institution the financing which it is now doing must eventually be liquidated or else transferred to a permanent system.

The War Finance Corporation draws its available funds from the National Treasury. In an emergency it may be justifiable to finance agricultural interests and others from the National Treasury but as a permanent policy there would seem to be no justification for it. If this is true the sooner these credits can be liquidated or transferred to a real banking source, not officially supported by the Government but arranged on sound business lines, the better it will be for all concerned.

In this connection the proposed amendment to the Farm Loan Act, involving the setting up of a farm credits department in each of the Federal Land Banks, would appear to be the most promising agency to provide additional agricultural credit facilities.

The Federal Land Banks, of course, will probably not be able to grant the same assistance to exporters as the War Finance Corporation has been doing. The new bill

proposes, however, that the Federal Land Banks shall be empowered to discount agricultural paper having a maturity of from six months to three years, thus providing the intermediate credits for which agricultural interests have been asking. These intermediate credits are to be made available to the farmer or cattle man during the period of production. Such credits, of course, are not exactly comparable to the War Finance Corporation loans on crops already produced. It is reasonable to suppose, however, that the extension of intermediate credits in any form by the Federal Land Banks would make possible the elimination of the special financing now being done by the War Finance Corporation, these loans being paid off as they come due and eventually disappearing from the credit structure.

It may be that a betterment of general business will make it possible for present borrowers from the War Finance Corporation to liquidate all their debts in due course and that the present banking system will prove able in the future to finance the needs of the farmer without emergency legislation. Failing this, however, it seems clear that some scheme such as that proposed in the bill referred to above will be found necessary.

Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland
and the District of Columbia

CONVENTION DATES

American Bankers Association, New York, Oct. 2-6.

New York—at Lake Placid Club, June 19-21.

Delaware—at Rehoboth, Sept. 7.

FIFTIETH ANNIVERSARY OF CANADIAN BANK OF COMMERCE AGENCY

Fifty years ago on May 13, 1872, the Canadian Bank of Commerce opened its New York agency at 50 Wall street. For over forty years its office has been at 16 Exchange place—in the Post Building, which it now owns.

The bank's network of over 500 branches brings every part of Canada and Newfoundland, as well as Mexico City, Havana, the British West Indies, Rio de Janeiro and London into close relationship with New York.

BANKERS TRUST COMPANY CHANGES

Seward Prosser, president of the Bankers Trust Company, New York, has announced that Vice-president Benjamin Joy will go to Paris as senior officer of the Company's Paris office at 3 and 5 Place Vendome, and that Vice-president F. N. B. Close, who has been senior officer there for a year, will return to the New York office.

Mr. Joy was graduated from Harvard in 1905 and after three years with Stone and Webster, became cashier of the National Shawmut Bank in Boston, of which he was made a vice-president in 1914. After military service in France during the war, Mr. Joy came to the Bankers Trust Company as assistant to the president in 1919 and in 1920 was made vice-president.

It is anticipated that Henry J. Cochran, who was vice-president of the Astor Trust Company from 1912 until it was merged with the Bankers Trust Company in 1917 and who since that time has been senior vice-president of the Bankers Trust Company at

its Fifth avenue office, will come to the Wall street office.

Daniel E. Pomeroy, who has been connected with the Bankers Trust Company as an officer since its organization in 1903, has resigned as vice-president in order to devote his time to his other interests. Mr. Pomeroy came to the Company in 1903 as assistant treasurer and became treasurer in 1904. He was elected a vice-president in 1908 and in 1910 became a member of the board of directors. Since 1912, Mr. Pomeroy has been a member of the executive committee.

GARFIELD NATIONAL BANK OPENS BOND DEPARTMENT

The Garfield National Bank, Fifth avenue, Twenty-third street and Broadway, opened on May 1, a bond department under the direction of M. A. Haas to deal in government, municipal and corporation bonds. For the last six years Mr. Haas has been connected with A. B. Leach and Company and built up and managed the bond business for this firm throughout the South as well as handling the investing clientele in New York. Mr. Haas was also a field manager in New York during the Liberty Loan campaigns.

CHATHAM AND PHENIX BANK BUYS NEW BRANCH

The Chatham and Phenix National Bank, New York, announces the purchase of the Grand street branch of the Guaranty Trust Company of New York, located at 268 Grand street.

The business purchased will be merged with the important branch of the Chatham and Phenix National Bank, located less than a block distant, at the corner of Grand street and the Bowery, and the activities of the two branches now united will be conducted from that location.

UNION DIME SAVINGS BUYS BUILDING

The twelve-story Tilden Building, at 105 to 111 West Fortieth street recently was purchased by the Union Dime Savings Bank



THE names of those who have received the "Robert Mitchell Trophy" are engraved on the tablet pictured above. This trophy is awarded each year for the best educational achievement. Alfred C. Bossom received the honor for architecture in 1901.

REGENT STREET Polytechnic School, London, where Alfred C. Bossom was awarded the "Robert Mitchell Trophy" for being the most distinguished architectural pupil. In this school there were probably more architectural pupils than in any other school in the world, there being two thousand different ones each day, and about ten thousand attending at the one time.



of New York with the consent of the Banking Department. The structure adjoins the present home of the bank.

The Union Dime Savings Bank moved from its old home, at Thirty-second street and Broadway, in 1912 to its present quarters at Fortieth street and Sixth avenue.

BANK OF CANTON, LTD.

The statement of condition of the Bank of Canton, Ltd., at December 31, 1921, is given below. The head office of this bank is at Hongkong, China. The New York agency is at 1 Wall street with Ginarn Lao as agent and Hew Fan Un as manager.

LIABILITIES

	£	s.	d.
To authorized capital:—			
240,000 Shares of £5/- each			
£1,200,000.			
To capital subscribed:—			
213,304 Shares of £5/- each			
fully paid up	1,066,520-	0-	0
" Silver reserve fund	51,666-	13-	5
" Deposits	2,354,544-	11-	6
" Drafts payable	296,454-	16-	11
" Agencies	83,837-	2-	2
" Unpaid dividends	7,487-	19-	7
" Bonus Account	11,106-	0-	3
" Comproadore guarantee fund	5,166-	13-	5
" Profit and loss account	185,433-	5-	7
	£4,062,217-	2-10	

ASSETS

	£	s.	d.
By cash in hand and at bankers	367,618-	2-11	
" Bullion and foreign coins, etc. in hand	18,092-	11-	1
" Loans receivable & advances	1,717,744-	6-	8
" Bills receivable	343,087-	19-	8
" Agencies	1,366,258-	13-	7
" Suspense account exchange transactions	85,224-	1-	6
" Investments at cost	4,823-	13-	0
" Stationery account	2,808-	11-	10
" Payments in advance including telegraph guarantee, etc.	4,506-	18-11	
" Furniture, fixtures and vault	5,541-	0-10	
" Underwriting commission account	8,165-	5-	6
" Bank building account, head office	51,666-	13-	5
" Bank building account, Canton branch	15,902-	18-	9
" Bank building account, Shanghai branch	70,776-	5-	2
	£4,062,217-	2-10	

Profit and Loss Account For the Half Year Ending December 31, 1921.

	£	s.	d.
To interest, salaries, rent, bonus to directors, officers and staff of the bank and its branches, current expenses, etc.	74,089-	8-11	
" Balance	185,433-	5-	7
	£259,522-	14-	6

	£	s.	d.
By balance brought forward from June 30, 1921, 123,810-	18-0		
Less difference in exchange between rates at 30/6/21/ and 31/12/21, 990-9-9			
" Amount of gross profits for the second half year ending December 31, 1921	122,820-	8-	3
	136,702-	6-	3
	£259,522-	14-	6



Atlantic Action

Both the shipper and the shipper's bank are placed in direct banking communication with the New York wholesale district through Atlantic National service. And this, too, with the assurance of personal attention and close cooperation.

ATLANTIC
National Bank
 257 Broadway—Opposite City Hall
 NEW YORK CITY

GURDEN EDWARDS

The American Bankers Association announced recently that Gurden Edwards has been appointed secretary of the public relations committee of that organization. He was formerly connected with the service department of the National Bank of Commerce in New York.

HANOVER NATIONAL TO INCREASE CAPITAL

Directors of the Hanover National Bank, New York, have called a stockholders' meeting for June 6 to increase the capital stock from \$3,000,000 to \$5,000,000 through a stock dividend of \$2,000,000, out of undivided profits. This will be the first stock dividend by a national bank here since the Comptroller of the Currency ruled that such a dividend was non-taxable. Heretofore dividends have been declared in cash and the cash invested in the bank stock.

The surplus and undivided profits account of the Hanover National Bank, over the present capital of \$3,000,000 amounts to more than \$22,000,000.

The Corporation Manual

Twenty-third Edition

Revised to January 1, 1922

A systematic arrangement of the statutes affecting both foreign and domestic business corporations in all states.

The Uniform Stock Transfer Act.

The Blue Sky Laws.

The Anti-Trust Laws.

Forms and Precedents.

United States Corporation Company

65 Cedar Street, New York

GOLDMAN, SACHS AND COMPANY

Goldman, Sachs and Company, New York, announce the removal of their offices to the building recently acquired by them at 30 Pine street. When the firm originally began business in 1869 under the direction of Marcus Goldman the first offices were located in the basement of a structure that stood on the site of the building into which they have just moved. The firm today has offices in Chicago, Boston, Philadelphia, St. Louis, San Francisco, Seattle, and Los Angeles.

FIRST JOINT STOCK LAND BANK OF NEW YORK

The Federal Farm Loan Board has granted a charter to the First Joint Stock Land Bank of New York, covering the territory of New York and New Jersey. The capital is \$250,000, and surplus \$50,000. The stock will be distributed among farmers and bankers in the rural districts of New York and New Jersey.

ORGANIZATION OF KIDDER PEABODY ACCEPTANCE CORPORATION

A new corporation, the Kidder Peabody Acceptance Corporation, has been organized by Kidder, Peabody & Co., bankers of Boston and New York. The new corporation will have its main office in Boston, with an agency in New York, at 52 Broadway, for which the State Department at Albany has issued a license. The Kidder Peabody Acceptance Corporation has a paid in capital and surplus of \$10,026,000, and will deal in the acceptance market.

The directors of the corporation are: Frank G. Webster, Frank W. Remick,

Robert Winsor, William L. Benedict, William Holway Hill, William Endicott, Charles S. Sarent, Jr.

The officers are: William Holway Hill, president; George D. Hallock, vice-president; S. Lewis Barbour, vice-president; Alexander Winsor, treasurer; Roscoe R. Storer, secretary.

SALOMON BROS. AND HUTZLER

The discount house of Salomon Bros. & Hutzler, New York, announce the removal of their offices to new and enlarged quarters at 60 Wall street where the the firm occupies the second, third and one-half of the fourth floors.

The second floor of the building or the first floor of the suite is reached from either Wall street or the Pine street entrances. On this floor, which is carried out in Grecian Doric architecture, there are six working departments, including the investment department. The mezzanine floor is given over to the telephone switch board, one of the largest in the financial district. When the offices are in final working order the second floor will be occupied by the executive and private offices, the trading or wire room and several other departments.

Salomon Bros. and Hutzler now have offices in New York, Chicago, Boston, Philadelphia, and Pittsburgh, all connected by direct private wires.

NEW HOME FOR GREENWICH SAVINGS BANK

The Greenwich Savings Bank, New York, has purchased the site on the north side of Thirty-sixth street between Broadway and Sixth avenue. Work has begun on their new bank building which is designed exclusively for the bank.

The structure will be of stone, eighty feet high, its three sides enriched by Corinthian columns which will form projecting porticos on Broadway and on Sixth avenue.

Entrances on Broadway and on Sixth avenue will admit depositors to an elliptical banking room eighty-seven feet wide and 120 feet long. This room will have a clear height to the skylight in the domed ceiling of seventy-two feet. The interior columns at the ends of this room will be thirty-two feet high.

On the ground floor, besides the working space in the center of the banking room, there is considerable other area for employees available for use in emergency, and there is also space for the comptroller and for the directors' room.

Wide stairs lead down from the ves-

tibule of the Broadway entrance into the basement, where provision is made for the installation of a safe deposit company if this proves to be desirable.

The officers' platform is on a mezzanine over the Broadway entrance, separated only by columns from the banking room, which it overlooks. The president's room occupies the Broadway-Thirty-sixth street corner on this floor.

At the roof level is a kitchen, dining rooms for officers and for employees, and dormitory space for men in case it is ever considered desirable to keep them in the building over night.

The Greenwich Savings Bank, which is the third oldest savings bank in Manhattan, was organized in 1833, fourteen years after the Bank for Savings and six years after the Seamen's Bank for Savings.

CHARLES L. CLUNE

Charles L. Clune has been appointed assistant trust officer of the Seaboard National Bank, New York.

H. C. NEBLUNG BECOMES GENERAL MANAGER

Louis De Jonge and Company announce the appointment of H. C. Neblung as general manager of the company. More than thirty years of continuous and faithful service as office boy, clerk, salesman, sales manager and manager of the Chicago Branch, has given him an intimate familiarity with every department of the business.

HARRY M. HOLT

Harry M. Holt, formerly connected with the American Exchange National Bank of New York has become associated with Reynolds, Fish & Co., investment securities, New York, as the eastern Pennsylvania and upper New York State representative.

MILTON W. HARRISON ELECTED TO BOARD

The board of trustees of the Bowery Savings Bank, New York, on May 8, elected Milton W. Harrison a member of the board, to fill the vacancy caused by the death of Henry A. Schenck. Mr. Harrison has been affiliated with savings banks for twelve years. He was secretary of the Savings Bank section of the American Bankers Association for six years and subsequently executive manager of the Savings Banks Association of the State of New York. For the past two years he has been secretary-

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treasurer of the National Association of Mutual Savings Banks.

Mr. Harrison is also editor and publisher of the Savings Bank Journal. In addition to his close association with savings bank activities he is vice-president of the National Association of Owners of Railroad Securities and secretary-treasurer of the National Railway Service Corporation.

IRVING NATIONAL BANK

The statement of condition of the Irving National Bank, New York, at May 5, 1922, showed total resources of \$276,614,689.67, surplus and undivided profits \$11,224,338.62, and deposits of \$232,723,198.97.

D. IRVING MEAD ELECTED PRESIDENT

Announcement was made on May 10 that D. Irving Mead has resigned as vice-president of the Irving National Bank of New York to become president of the South Brooklyn Savings Institution. Mr. Mead was admitted to the bar in Brooklyn in 1900, three years after his graduation from Yale. He practiced law until 1911, when he was elected vice-president of the National City Bank of Brooklyn, a position which he also held after that institution became part of the Irving Trust Company in 1919. When the Irving Trust Company was converted into a national bank and later merged with the Irving National Bank in 1920, he was made a vice-president of the consolidated bank. Mr. Mead is widely known in banking circles in and outside of New York City. He is a member of the Council of Administration of the American Banking Association. In 1916 he was chairman of Group VII of the New York State Bankers' Association, and in 1919 served as president of that body.

HEADS UNION SQUARE SAVINGS BANK

Frederic C. Mills, former treasurer of the Union Square Savings Bank, 20 Union Square began on May 12, as president of the institution as a result of his election to office by the board of trustees. This action was voted on account of a vacancy caused by the resignation of William H. Rockwood, who has been ill for the last year.

DWIGHT W. MORROW

Dwight W. Morrow, a partner in the firm of J. P. Morgan & Co., has been elected a member of the board of directors of the Bankers Trust Company of New York to fill

the vacancy caused by the death of Henry P. Davison. Mr. Morrow has also been appointed a member of the executive committee, on which Mr. Davison served as chairman since the organization of the Bankers Trust Company in 1903.

CHEMICAL BANK HEADS SAIL FOR EUROPE

Percy H. Johnston, president, and Clifford P. Hunt, vice-president, of the Chemical National Bank of New York sailed for Europe on the S. S. Adriatic, May 27. The purpose of their trip is to visit a number of banks in England, France, Switzerland, Austria, Germany, Denmark, Holland, and Belgium; also to study present financial, commercial, and economic conditions there.

NEW YORK CENTRAL ISSUES INDUSTRIAL DIRECTORY

Aimed to be a business developer, the New York Central lines have issued and are distributing gratis to shippers the largest railroad reference book of its kind ever published.

It contains the names of more than 50,000 individual concerns on its rails, all classified by commodities, localities and railroad facilities.

The purpose in assembling the directory lists was to bring the various industrial and business activities into more ready and intimate touch with one another for mutual benefits. The volume's portrayal of railroad service was aimed to aid shippers in directing their traffic and new enterprises in locating their plants most advantageously.

The volume has 1000 pages, including twenty specially-drawn maps, one twenty by twenty-eight inches showing in color the entire New York Central system, and others charting the existing railroad terminal facilities of the big cities.

There are more than 400 half-tone illustrations. The book gives facts and figures useful to business men covering the whole territory served by the 13,000 miles of New York Central lines, which enter twelve states and the two busiest provinces of Canada.

Communities along the lines are described and pictured with special reference to advantages they offer for industries. Five hundred pages are devoted to the classified, indexed lists of manufacturers, wholesalers, jobbers, contractors, retail merchants, grain elevators, electric light and power plants, coal operators and dealers, and agricultural producers. Stock yards, feeding stations and packing plants are noted.

Commercial and kindred business organi-

zations, with the names of their presidents and secretaries and number of members, as well as all banking institutions located on the New York Central system, are alphabetically listed. Every railroad station of the system, with its connections, is listed alphabetically, together with up-to-date lists of railroad officers in charge at all points.

Articles by experts deal with the best packing methods and avoidance of loss and damage to freight.

A feature article by Charles Frederick Carter, the noted writer on railroad topics, gives in tabloid form near the front of the book the extent of the physical properties, of the service rendered, and the future development and financial requirements of the New York Central system.

Requests for copies of the book may be sent direct to the publicity department, New York Central Lines, Grand Central Terminal, New York.

CHARLES L. CORBETT

Charles L. Corbett who is manager of the bond department of Huth & Company, 30 Pine street, New York, has been appointed a member of the Trading Regulations and Arbitration Committee of the Association of Foreign Security Dealers of America.

VICTOR C. BELL

Victor C. Bell, formerly of the Guaranty Trust Company of New York, is now connected with the sales department of Herkins & Co.

EARL R. GAFFORD

The Battery Park National Bank, New York, announces the election of Earl R. Gafford as assistant vice-president in charge of business development. Mr. Gafford was formerly new business manager with the Bank of America in New York, following several years experience in the capacity of cashier of a Middle Western bank.

NEW PRESIDENT OF PHILADELPHIA BANK

Livingston E. Jones has been elected president of the First National Bank of Philadelphia succeeding William A. Law on July 1, 1922, when Mr. Law retires to become president of the Penn Mutual Life Insurance Company. Mr. Jones has been for years an active director of the First National Bank.

As president since 1913 of the Saving Fund Society of Germantown, Mr. Jones

Bank Railing

92 feet of the finest Italian marble with heavy plate glass and fluted marble columns with bronze caps like new. Bargain. Everything else in high class mantels, mirrors, bathroom outfits, grill doors, etc., at big reductions. SOUTHARD CO. (Pioneer House Wreckers), 14th Street, 9th Avenue, New York, N. Y.

has greatly enlarged its operations and has managed its affairs with signal success and ability. He is a director of the Fire Association, and of the American Pulley Company.

Mr. Law will remain as a director of the bank and chairman of the board of directors.

OVERBROOK BANK OF PHILADELPHIA

At the meeting of the directors of the Overbrook Bank of Philadelphia held January 31, 1922, it was decided to increase the capital stock from \$100,000 to \$200,000 (subject to ratification by the stockholders at a special meeting to be held on April 28, 1922) by the issuance of \$100,000 of new stock thereby giving the bank the combined capital, surplus and undivided profits of \$250,000. The institution is shortly to erect a new bank building at the estimated cost of \$100,000. The new building will occupy the site of the bank's present home at the southeast corner of Sixtieth and Master streets. Architecturally the

building will be one of the finest in that section of the city.

The structure will be of steel and reinforced concrete, using the latest type of steel sash throughout, the exterior being of granite, Indiana limestone and Sayer Fisher best grade of fire flash brick. The building will be modern in every detail and strictly fireproof. One of the most important features of the new bank is its safe deposit vault which is the latest and finest example of construction, being absolutely fireproof and burglarproof. The interior of the new building will be impressive being in complete harmony with the cheerful lighting advantages through the tall windows on all sides. The floors will be terrazzo, and all interior finish will be of marble and mahogany.

It is planned to have the new building ready for occupancy by the later part of 1922, in the meanwhile the bank will be temporarily located at 6004 Master street. The Overbrook Bank was organized in November, 1919. Its growth has been remarkable; in 1919, the deposits were \$100,000, and in January, 1922, they had reached a million dollars. L. W. Robey is president.

THIRD NATIONAL OF SCRANTON CELEBRATES FIFTIETH ANNIVERSARY

The Third National Bank of Scranton, Pa., celebrated its fiftieth anniversary on April 15. It opened for business in 1872 with a small capital and has grown with the city until its deposits now exceed \$8,500,000, with a capital of \$1,300,000 and surplus and undivided profits of \$1,300,000.

The bank is in its own home, a fine modern building, which was built in 1918. It is three stories and basement, having a frontage of sixty-seven feet. For the employees of the bank there is a completely furnished kitchen and dining room on the third floor.

Fiduciary powers were granted the bank on Dec. 2, 1918, and this department, which has greatly extended the scope of the bank's service to the community, has already attained a large growth. A profit-sharing plan for employees, based on stock ownership, was put into effect on Oct. 25, 1920.

The present officers and directors of the bank are: president, William H. Peck; first vice-president, Charles R. Connell; second vice-president and trust officer, B. B. Hicks; cashier, Ralph A. Gregory, assistant cashiers, J. E. Williams, R. A. Chase, E. H. Hausser and Clara B. Whitmore; directors,

George H. Catlin, Luther Keller, W. A. May, Congressman Charles R. Connell, J. W. Oakford, L. M. Connell, Bernard L. Connell, William H. Peck and R. C. H. Rupp.

EXCHANGE NATIONAL OF PITTS- BURGH TO BUILD

P. D. Beatty, cashier of the Exchange National Bank of Pittsburgh announced that this institution would move on May 15 to the offices formerly occupied by the Peoples National Bank on Wood street. Temporary quarters are being maintained there pending the erection of a modern six-story home on the present site of the Exchange National Bank at 240 Fifth avenue. The building which will be razed has been occupied by the bank since 1873 and at the time of this erection was considered one of the show places of Pittsburgh. The new building will be modern in every detail. A fire and burglar-proof vault of the most modern type is included in the plans. The Exchange National Bank is one of Pittsburgh's historic institutions. It was organized in 1836 with a capital of \$1,000,000. It began business in a small building on the north side of Second street, now Second avenue, between Market and Ferry streets. Shortly after it moved to its present location.

William Robinson, Jr., the first president served until 1851 and was succeeded by Thomas M. Howe, who retired in 1860. On April 8, 1865, it was chartered under the United States laws and its title changed from the Exchange Bank to the Exchange National Bank of Pittsburgh. The institution enjoys the distinction of being the oldest bank of issue in Pittsburgh, not merged nor consolidated.

RUSSELL H. THOMPSON

Russell H. Thompson has been elected vice-president of the Overbrook Bank of Philadelphia.

PHILADELPHIA BANK MERGER

The Corn Exchange National Bank of Philadelphia has announced the consolidation with itself of the Rittenhouse National Bank of Philadelphia. The Rittenhouse National Bank was formerly the Rittenhouse Trust Company before its conversion into the Rittenhouse National Bank and subsequent merger with the Corn Exchange National Bank.

New England States

Comprising Maine, New Hampshire, Vermont, Massachusetts, Connecticut
and Rhode Island

The First National Bank of Boston

**The leading financial institution of
New England**

**Foreign and domestic commercial
banking of every nature**

Correspondence solicited



A DISTINCTIVE BANKING ROOM



dignified and distinctive treatment of the interior of a suburban bank building—the Norwood Trust Company, at Norwood, Mass. The work of

Thomas M. James Company

3 Park St., Boston, Mass.

Fuller Building, Springfield, Mass.

342 Madison Ave., New York

511 Blackstone Building, Cleveland, Ohio

ECONOMIC CONDITIONS IN THE
NEW ENGLAND STATES

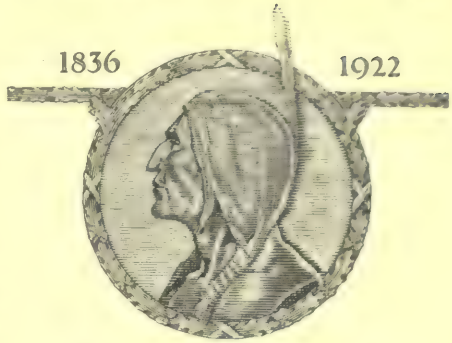
THE adverse factors in the general business situation are perhaps having more effect in New England than in some other parts of the country. This does not mean that business has been materially slowed down in this section, but the rate of improvement is not as high as elsewhere. This is due largely to the big textile strike which has a depressing effect in so many of the cities and towns where the textile industry plays an important part. At this writing the strike has not been settled and no real basis of settlement has yet been recognized. It is increasingly evident however that the attitude of the general public against anything which would have a tendency to raise costs, is going to play the leading part in the final settlement, and that settlement cannot be delayed much longer.

Other lines—shoes, leather, metal, paper, etc.—all show decided improvement, and general retail trade is steadily on the increase, except in the textile centers. A survey of the department stores in the larger cities reveals the fact that while the volume of business as measured in dollars is not quite up to last year, the volume as measured in number of sales and quantity of goods sold is slowly but surely drawing ahead of last year. Merchants report that their trade is much more stable than it was a year ago. They know better how to buy, for they can more easily gauge the probable demands of their customers. Basic commodity prices have shown a tendency to stiffen a bit, and this fact has done much to stabilize buying from wholesale and manufacturing sources. Collections are easier than they were a month ago.

The building industry holds the center of the stage, and in this industry New England bids fair to outrun many other sections of the country. There have been threats of labor troubles in building circles, but they have not been serious. Prices for material and labor, together with the prevailing scale of rents, now make it possible for investors in buildings to realize about the same return on their money as they did before the war. Particular attention is being given to the erection of houses of a medium grade, and it is only a question of time when rents must come down as a result of the increased number of tenements. Real estate has taken a sudden spurt and the volume of sales has closely approached high-water mark for May. Money is cheap and plentiful and banks and loaning insti-

1836

1922

The cradle of
modern textiles

WITH crude spinning wheel and wooden loom, Colonial weavers of New England produced cloth equal to Europe's best. Influenced perhaps by fine Oriental cloth imported by adventurous sailormen, they improved in skill each year.

Certain families excelled in the art and cloth woven in these homes was highly prized. Mechanically inclined neighbors helped invent faster working devices. Commercial manufacture, beginning in 1788, increased until textile production became the premier industry of the district, as it is today.

All eyes now look toward New England for cotton and woolen cloth. Here is also the home of good textile machinery for all the world. A vast international commerce centers around the industry, helped materially by the counsel and financial co-operation of The National Shawmut Bank.

Technicalities of the textile trade are every-day details in this bank. Direct representation in every city and port enables us to handle import and export business rapidly, accurately and thoroughly. It is a service founded on complete understanding of the needs.

Correspondence is cordially invited

**THE NATIONAL SHAWMUT
BANK of BOSTON**

Capital and Surplus \$20,000,000

Park Trust Company

Park Building, 511 Main Street
WORCESTER, MASS.

Capital	\$300,000
Surplus and Earnings.....	202,580
F. A. Drury, President.	
T. J. Barrett, Vice-President.	
H. M. Abbott, Treasurer.	
Frederick J. Bye, Assistant Treasurer.	
Send us your Massachusetts collections.	

tutions are eager for good mortgage loans.

The banking situation is sound, but the banks in some centers are complaining that the call for money is not heavy enough to absorb the supply, and they are a bit of a loss to account for it. It must be borne in mind however that many of the customers of the banks have already completed their remanancing to a large degree and are not yet inclined to stock up heavily with either finished goods or raw materials. If the buying movement keeps increasing as it has for the past few weeks it unquestionably will bring new demands for money from manufacturing, jobbing and retail sources.

Business failures here in New England are on about the same scale as elsewhere. The numbers run higher than those of a year ago, but there is a slow but steady decrease from month to month, showing that the worst of the strain is over. For the most part the failures have been of narrow influence and have had relatively little effect on the general business situation.



CONVENTION DATES

Maine at Augusta, June 17.

New England—at New Castle, N. H., June 23-24.

AQUIDNECK NATIONAL BANK INSTALLS VAULTS

The Aquidneck National Bank, Newport, R. I., let a contract with the Mosler Safe Company of Boston, which the company states will give them the most modern vault door in Rhode Island. It is a duplicate in construction of the doors now being installed in the Federal Reserve Banks scattered throughout the United States.

This equipment is radical in construction, embodying all that is latest in design, and able to defy not only an attack from burglars, but the most modern of all inventions

—the oxy-acetylene torch. The vault lining was installed by the Mosler Safe Company a few years ago.

The walls of the vault are of the strongest kind of concrete, a foot and one-half in thickness, reinforced with a steel rail grille, set close on centers. The design of the wall is monolithic and the combination presents the full strength of both the steel and the concrete. These walls are absolutely fireproof and have a high resistance to explosives and the use of burglar's appliances in general, and in particular will protect the inner steel lining against such modern devices as the electric steel burning arc, thermite, etc.

The main vault is divided into three compartments—a safe deposit vault and two storage vaults.

The main purpose of the bank in contracting for a new vault door was the accommodation of its customers who desire a receptacle for the safe-keeping of their valuables, papers, etc. Each box is provided with two keys, both of which are held by the party renting the box. The bank will furnish convenient booths for private examination of the contents.

It is the desire of the bank to have the strongest vault in Rhode Island and have an equipment which will provide the greatest efficiency of administration, and include the highest degree of safeguards.

The work of the Mosler Safe Company will be the final word in vault engineering and affords ample protection for the securities which the vault contains.

MASSACHUSETTS TRUST ELECTS NEW DIRECTORS

At a recent meeting of directors of the Massachusetts Trust Company, Boston, Frank DeW. Washburn and George R. Fisher, president and vice-president respectively, of the Haymarket National Bank were elected directors, and Fullerton C. Vose, formerly connected with the Bank Commissioner's office was appointed assistant treasurer. Mr. Washburn is treasurer of the Johnson-Washburn Company, and Mr. Fisher is connected with the Mason and Hamlin Piano Company.

INDIAN HEAD NATIONAL BANK

The statement of condition of the Indian Head National Bank, Nashua, N. H., at May 5, 1922, shows total resources of \$2,774,448.56, surplus and profits \$250,069.02, deposits \$2,275,379.54.

INDUSTRIAL TRUST COMPANY ABSORBS SLATER TRUST

The Industrial Trust Company of Providence, R. I., has purchased a controlling interest in the Slater Trust Company of Pawtucket, it was announced recently. It has been ratified by both boards of directors. The Slater Trust Company is to be operated as a branch of the Industrial and will be known as the "Industrial Trust Company, Slater Branch."

In making public the announcement, President H. Martin Brown of the Industrial Trust said that, following extensive alternations in the Slater Trust Company building, the Pawtucket branch of the Industrial would be merged with the Slater branch and that its business would be conducted in the office of the latter.

President Brown announced that Howard W. Fitz, formerly vice-president of the Slater Trust Company, had been elected a vice-president of the Industrial Trust Company and manager of the Slater branch. Henry C. Jackson, formerly treasurer of the Slater, has been made assistant manager and trust officer of the Slater branch, and Homer W. Gray, formerly secretary of the Slater, and Jeremiah F. Browning, formerly assistant treasurer, have been named assistant managers of the branch.

Charles O. Read of Pawtucket, formerly president of the Slater Trust Company, and Andrew E. Jencks, vice-president, have been elected directors of the Industrial Trust Company.

The Industrial Trust directors, at a special meeting held to accept the Slater directors' offer of sale, voted also to call a special meeting of the stockholders of the Industrial for June 1. At that time the directors will recommend that the capital stock of the company be increased by 10,000 shares, these to be offered to the stockholders at \$200 a share in the ratio of one to three for every share now held.

Of the proceeds of the sale of the shares, the directors will recommend that \$1,000,000 be added to capital and \$1,000,000 to surplus. The directors have also voted to place \$1,000,000 of undivided profits to permanent surplus. If the stockholders ratify the recommendations, the Industrial Trust Company will have a capital of \$4,000,000, a surplus of \$6,000,000 and undivided profits and reserves of \$2,698,464.25.

In a circular sent by the Slater Trust to all its depositors today, it is stated that "for some time past, it has been apparent to the board of directors of the company that its growing business demanded en-

Audits and Systems for Banks

Our specialty is conducting efficient and thorough bank and commercial audits, and the installation of accounting systems for banks, trust companies, and foreign exchange departments.

**McArdle,
Djörup & McArdle**

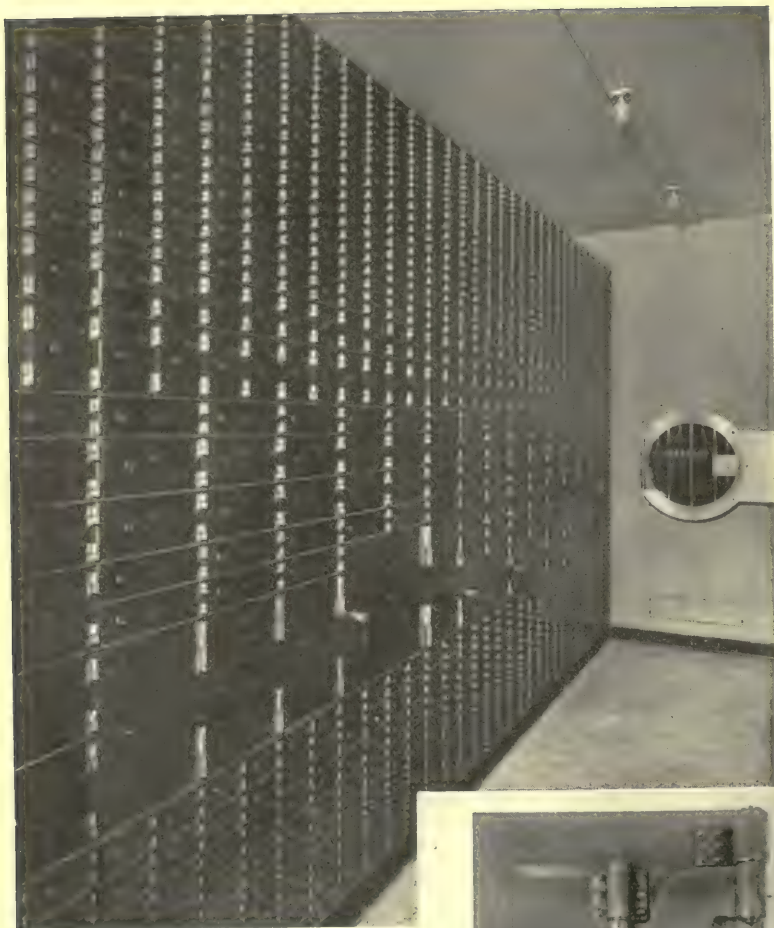
42 Broadway, New York

larged quarters, increased safe deposit facilities, and a larger capital in order to care for the growing business of its larger customers.

"Upon investigation, it has been found that this condition applies in a large degree to the Industrial Trust Company, Pawtucket branch. Both banking rooms for a long time have been inadequate to the convenient and satisfactory conduct of the growing business of both banks. After long consultation and consideration of all matters involved, it has been determined, in order to conserve banking capital and to provide for the desirable ends above referred to, that a consolidation of the two banking institutions should be effected."

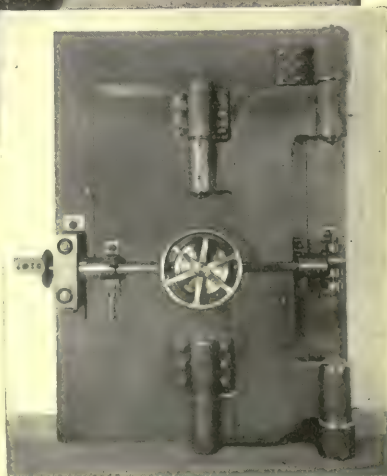
MARSHALL H. PURRINGTON

The Chapman National Bank of Portland, Me., have announced the death of their cashier, Marshall Hagar Purrrington on May 3.



New Vault of National Exchange Bank, Baltimore

The vault measures inside 17 by 30 feet. The walls are of concrete, heavily reinforced, with a steel lining of shock and drill resisting plates together with the new "Infusite" metal, a highly refractory metal alloy to resist the oxy-acetylene cutter burner and used only in the vaults built by the York Safe & Lock Company.



The main entrance is rectangular and the emergency is circular. Both entrances are of like metals and construction as the lining, but each is built up to an over-all thickness of twenty-six inches. The hinges and pressure systems and the locking devices, mechanism, combination, time locks, etc., are of the latest and most approved design. Two thousand safe deposit boxes of various sizes are a part of the vault equipment.

This vault in design and construction is of the type recently installed and now building for the Federal Reserve Banks in the largest cities.

Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, and Tennessee

ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By THOMAS EWING DABNEY

BUSINESS conditions in the section of South traversed by the Mississippi river have received a set-back because of the disastrous crevasses that have put a couple of million acres of land under water and have made thousands of persons homeless.

All of this land, of course, was not arable; but a large part of it was, and the crops that were planted and were near fruition have been wiped out. Vegetable, cotton and sugar lands are affected. In Louisiana, the spreading flood waters have played havoc with the oyster industry.

There is no estimate of the loss more definite than "millions". Whatever the actual figure, it means the immense curtailing of purchasing power.

The effect will be felt in the cities, which are the markets, though to a less degree, of course, than in the actual sections inundated.

There will, however, be an immense payroll for months to come, to restore and strengthen the smashed levees and rebuild the back areas. Thousands of men who were out of employment have for the past few weeks been working to bolster up weak places. This payroll will be a partial offset to the losses of general business.

This year's flood situation has strengthened the movement, more or less quiescent, for a more adequate method of control, by the national government, of the Mississippi river and its tributaries.

The New Orleans Association of Commerce, which always seeks to predicate its actions, in national questions, upon the desires and needs of the entire Mississippi Valley, has given the movement direction in recent resolutions declaring that the "levees only" system of river control is a broken reed, and demanding, in addition to levees:

1. Spillways and controlled outlets below Red River, through which the flood water could be diverted when it reached a dangerous stage.

2. Source stream control by:

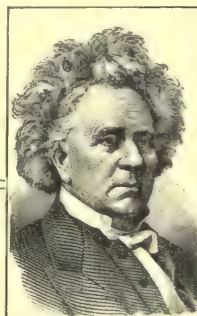
(a) Contour plowing, which will enable the ground to take up more water.

(b) Diversion dams, particularly in the upper Missouri river, so that some of the surplus flood waters will be spilled out over the dry plains.

(c) Flood control works on the Ohio and its tributaries, such as those reported by the Pittsburgh flood control committee, with a view to retarding and averaging the runoff.

(d) Reforestation, so as to reestablish nature's method of retarding the flow of water from the land.

(e) Impounding of excess flood water wherever practical, until after the danger, and then feeding it back into the natural drainage channel.



John D. Branch
Our first President

Merchants National Bank

RICHMOND, VA.

Capital . . . \$400,000
Surplus and Profits over 1,842,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

Bank of Charleston, N. B. A.

CHARLESTON, S. C.

Capital.....	1,000,000
Surplus and Profits ...	1,000,000
Resources.....	15,000,000

E. H. Pringle, Pres.
 E. H. Pringle, Jr., Vice-Pres.
 R. S. Small, Vice-Pres.
 A. R. LaCoste, Vice-Pres.
 G. W. Walker, Cashier.
 J. H. Lucas, Assistant Cashier.
 C. N. Fishburne, Asst. Cashier.

Special attention given to city collections.
 Drafts on Charleston drawn with exchange
 remitted without charge.

Copies of these resolutions have been sent to every commercial organization in the Mississippi Valley. If the support of the Valley is given, and the indications are that it will be, then the national Government may be induced to undertake work of immense magnitude that should free this section of the flood danger for ever more.

There have been important readjustments of freight rates on coffee from Galveston and New Orleans to interior points. For one thing, New Orleans is put upon a parity with Galveston as regards the Central Western territory. Galveston had been enjoying differentials that took the business away from New Orleans. For another thing, there have been notable reductions of rates in Texas territory. These reductions were started by Galveston and were met by the railroads connecting New Orleans with Texas. A very large trade is affected.

The ultimate ownership of the Muscle Shoals power plant in Alabama is a matter of general interest. There are two aspirants—Henry Ford and the Alabama Power Company. The latter is an Alabama company, which is fighting hard to have its claims recognized. It promises to connect the principal cities and towns of the South with cheap hydraulic electricity, the effect of which upon industry would be obvious. A large part of California's prosperity is ascribed to hydraulic power. The progress of Baltimore, industrially speaking, is ascribed to the same cause.

The debits to individual accounts in the principal banks of the South prove the generally improving business situation. The debits are now running about three per cent. less than they were a year ago. But considering the difference in the price levels,

the present figures represent a considerable improvement in the actual volume of business done.

The retail trade of the South has been rather erratic. Comparisons made by the Sixth Federal Reserve Bank show that March, 1922, was not as good a month as March, 1921. This is because Easter fell in April this year. Nashville's figures show the least unfavorable comparison, for the decrease in sales was only 17.4 per cent. while the net decrease for the entire district was 24.4 per cent. For the period January 1 to March 31, the decrease for the district was 20.2 per cent.

The decrease in Atlanta was 22.4 per cent, in New Orleans 24.7 per cent, in Birmingham 33.2 per cent.

The wholesale trade made a more favorable showing. Discounting the increase in sales by seasonal influences, the fact remains that there is a much more optimistic attitude. An increasing number of firms are reporting improvement in collections, especially in the cities.

Wholesale grocery sales have been stimulated by the increased prices of coffee, sugar, meat, lard, dried beans and canned vegetables and fruits. Business in this line was about eighteen per cent. better in March than in February.

Wholesale dry goods sales were twenty-nine per cent. better, wholesale hardware sixteen per cent. better, wholesale shoes forty-eight per cent. better, wholesale furniture slightly better. In drugs, stationery and farm implements, there was a firmer feeling but not much change in actual business.

The building movement continues to gather force. Residential construction is providing most of the activity, though some business edifices are also going up.



CONVENTION DATES

Virginia—at Hot Springs, June 15-17.

South Carolina—at Ashville, N. C., June 13, 15.

District of Columbia—at "Homestead," Hot Springs, Va., June 10-13.

West Virginia—at White Sulphur Springs, June 27-28.

NEW PRESIDENT OF CITY NATIONAL BANK

The City National Bank of Tuscaloosa, Alabama, announces the election of Robert H. Cochrane as president and Samuel F.

First National Bank

Richmond, Virginia

Capital and Surplus . . . \$3,500,000

Resources 30,000,000



The Old First--Established in 1865

OFFICERS

JOHN M. MILLER, Jr. President
C. R. BURNETT Vice-President
ALEX. F. RYLAND Vice-President
S. P. RYLAND Vice-President
S. E. BATES, Jr. Vice-President
THOS. W. PURCELL, V. Pres. & Tr. Officer
A. K. PARKER Vice-President
JAMES M. BALL, Jr. Cashier

ALWAYS a leader in the development of industrial and commercial enterprises of the South, and exceptionally well qualified to handle the accounts of banks, corporations and individuals.

Clabaugh as vice-president and cashier.

Mr. Cochran, who succeeds the late S. F. Alston, has been connected with the City National Bank for thirty-five years, having entered the bank's service as messenger in 1887. He was later made assistant cashier, and cashier in 1904, which office he held until last year when he was made vice-president. He is well known and highly regarded in banking circles.

Mr. Clabaugh, who becomes active vice-president and cashier, has been on the board of directors since 1917, and actively connected with the bank since 1919. Although a young man, he is prominently known throughout the state. He is a vice-president of the Alabama Bankers' Association, one of the trustees of the Alabama Farm Bureau Federation, president of the Tuscaloosa Chamber of Commerce, president of the Tuscaloosa Hospital, former president of the Alumni of the University of Alabama, and has been identified with many other civic and business activities.

R. E. HOTZE NEW PRESIDENT OF ADVERTISING CLUB

Robert Edward Hotze, Jr., advertising manager for the Planters' National Bank,

Richmond, Va., was elected president of the Richmond Advertising Club for the ensuing year at the annual meeting. Mr. Hotze succeeds R. H. Thomas, advertising director of the Dispatch papers, who served three weeks, filling the vacancy caused by the resignation of Silas T. Leaming, who has removed to Providence, R. I.

Other officers elected were as follows: First vice-president, Irving Greentree; second vice-president, B. O. Cone; secretary, Warner Peirce, reelected; treasurer, Irving Held; directors, R. A. Ammons, A. W. Boden, R. L. Dombrower, R. J. Hess and R. H. Thomas.

CITIZENS BANK, NEW ORLEANS

A new bank building on Gravier street is planned by the Citizens Bank, New Orleans. The present home was built in 1882, and though it was entirely remodeled in 1915, Charles J. Theard, the president announces that business has increased so rapidly that further expansion has become imperative. Some months ago the bank acquired the adjoining building to be combined with the space now occupied. A new front will be erected and the height of the structure increased to five stories.

ADRIAN H. MULLER & SON

55 WILLIAM STREET, Corner of Pine Street, NEW YORK

AUCTIONEERS

The Business of Banks, Bankers, Investors and Dealers in Securities generally, receives prompt and careful attention.

STOCKS AND BONDS AT AUCTION

REGULAR AUCTION SALES OF ALL CLASSES OF STOCKS AND BONDS EVERY WEDNESDAY

Real Estate at Public and Private Sale

Prompt Returns on all business entrusted to us

SUPPER GIVEN EMPLOYEES OF CITY NATIONAL

A meeting of the directors, officers and employees of the City National Bank of Tuscaloosa was held recently. A delightful supper was served according to the following menu, which appeared on the program:

"Rediscounted" chicken (croquets) with the following "collateral," potatoes, green peas, rice, "mutilated" currency salad, (lettuce), "frozen credit" ice cream, "insufficient" coffee, "past due" cheese, four minute talks by everybody, one at a time.

The meeting was full of enthusiasm from beginning to end and several hours of fun and seriousness were enjoyed.

The movement was launched to organize a local chapter of the American Institute of Banking, and a committee was appointed to confer with the employees of all of the banks of Tuscaloosa for this purpose.

S. F. Clabaugh, vice-president and cashier, acted as toastmaster.

BANK CONSOLIDATION IN NORFOLK, VA.

The Seaboard National Bank and Continental National Bank, both of Norfolk, Va., have applied to the Comptroller of the Currency for authority to consolidate under the title of Seaboard National Bank of Norfolk. The new institution will have capital of \$800,000 and aggregate deposits of more than \$7,000,000.

TO ESTABLISH JOINT STOCK LAND BANK IN N. CAROLINA

Announcement has been made by A. W. McLean, who retired from the War Finance

Corporation on May 17, of arrangements for the establishment of a Joint Stock Land bank in North Carolina with an initial capital of \$250,000, to be increased from time to time as the business develops.

The bank will make farm loans in both North and South Carolina. Under the law such a bank can operate in two states. This, with the bank recently established at Columbia, S. C., by A. F. Lever, who has just resigned as a member of the Farm Loan Board, will provide two Joint Stock Land banks operating in North and South Carolina.

AMERICAN NATIONAL BANK BANQUET

On the evening of April 25 the American National Bank of Richmond, Va., gave a banquet to the officers and employees of the bank and the American Trust Company and their branches, in the attractively furnished dining room on the roof of the bank building.

The "American Club" was organized after the banquet, officers elected and committees appointed for the ensuing year.

The new dining room is furnished in gray with old rose and gray hangings and luncheon is served every day to the officers and employees of the institution.

TEXAS STATE BANKS

Resources and liabilities of the 988 state banks in Texas showed a decrease of \$1,011,081 and deposits a gain of \$2,892,215 between the state bank calls of Dec. 31, 1921, and March 1, 1922.

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

SIGNS of business improvement continue to make their appearance, but they are mostly in the manufacturing or productive field and not in commercial distributive channels or in finance. Trade, both retail and wholesale, is rather quiet and continued ease in money does not reflect any expansion of borrowing demand. In nearly all the industrial centers of the Central West, however, there is more activity than has been noted for months past. The increased use of the public telegraph wires, which was noted in this correspondence last month, comes primarily from this source, and the gain in this business has been sustained in significant degree. More calls for labor are coming from these manufacturing cities and more energy is being shown in plans for disposing of product and in extending sales organizations. Public buying has increased little, if any, and that is where the man in the street generally looks for evidence of business betterment. Nevertheless the underlying indications are unmistakably favorable.

An excellent analysis of this seemingly paradoxical situation is to be found in a new form of review of business conditions which was put out this month by the Continental and Commercial banks. Business barometers are grouped in chart form under the headings of prices, credit conditions and production and trade. Opposite each barometer thus indicated are two columns, in one of which is shown the statistical trend of the barometer from June, 1920, to April, 1922, and in the other the banks' interpretation as to the stage of the business cycle indicated by the statistical movement. Most of the business barometers considered indicate, according to the banks' interpretation, that the stage of the cycle is at the "beginning of expansion". Such is the interpretation given to the statistical movement of such barometers as the general price level, commodity prices, stock exchange quotations, industrial production, net railway operating income, new building permits, bank

In St. Louis—

- A commercial bank
- A bank for banks
- A savings bank
- An investment bank
- A real estate agency
- A safe deposit organization
- A trust institution of thirty years' success and leadership

Mississippi Valley Trust Co.

*Capital, Surplus and Profits
over \$8,000,000*

Saint Louis



clearings and commodity shipments. The summary is the product of the investigation of a great mass of material, so arranged as to show the relationships of a large number of factors not always appraised in relation to one another.

In explanation of the apparently contradictory nature of some of the evidence the following comment of the compiler is interesting:

The barometers of business move irregularly. If they form a procession in which all the units are moving in the same direction, they do not move at the same speed. It will be noted, for instance, in the price barometers, that "stock exchange quotations" indicate the "expansion" stage of the business cycle, while "money rates" indicate "contraction". In terms of the business cycle, this is not to be taken as contradictory. "Stock exchange quotations" invariably lead the movement.



FIRST NATIONAL BANK BLDG., WOODWARD AVE. at CADILLAC SQUARE

FIRST NATIONAL BANK

DETROIT

MICHIGAN

All of the space up to the fifth floor, one half of the sixth, seventh and eighth floors and three sub-basements in this new home are required by this organization. Each floor covers nearly one-half an acre. This bank is in first position to serve you in the Great Lakes Region.

The First National Bank, the Central Savings Bank and the First National Company of Detroit are under one ownership

"Money rates" lag considerably. Declining money rates, assuring easier credit conditions, come with contraction of business and less demand for money, are caused by this contraction and can be interpreted only as indicating it. Declining money rates, however, react to stimulate business, and in due course, as business expands, they stiffen and indicate expansion. But even when money rates are softening and indicate a slackening demand for money, the softening of money rates shows a condition favorable to business expansion. When expansion has progressed far enough to increase demand, money rates will stiffen, and any rise in the price of money will show that the expansion stage of the business cycle is well under way.

The credit barometers are to be similarly viewed. While by themselves they all indicate the contraction stage of the business cycle, they are to be interpreted as favorable to business expansion. If, for other reasons, business begins to expand, the credit barometers will respond and expansion will be indicated by these barometers, which, in the present summary, still show contraction and a condition merely favorable to expansion. They will move after the leaders in the barometric procession have moved farther into the expansion stage of the business cycle.

As "stock exchange quotations" invariably lead in any movement toward greater business activity, so "business failures" invariably lag behind. An improvement in the latter is to be expected if the "production and trade" barometers and the "general price level" are correctly interpreted, but "business failures" in the summary indicate contraction, that is the influence of the depression stage of the business cycle through which the country has been passing. If precedents are of value, failures may continue for a considerable time after the conditions which caused them have passed.

Financial conditions continue to be characterized by increasing ease. Commercial paper is at four and one-half to five per cent., with virtually all the best names at the lower level. There is a scarcity of high class paper. Bank loans are at five to six per cent., and there has been some increase in this class of borrowing. Reports of the Chicago banks in response to the last calls indicate a substantial increase in both deposits and loans. The change is much more noticeable among the state banks than among the nationals. Savings deposits, in the two-month interval between calls, decreased about \$9,000,000, or a little more than five per cent., but this perhaps only indicates another of the factors in the situation that are disposed to lag, for in the last few weeks unemployment has been greatly lessened and improvement in this department of the banking business may naturally be expected within a short time.

One of the strongest features of the situation, especially in the agricultural districts, is the excellent crop prospects of the season. Soil conditions probably never were better than they are this spring. The last government crop report indicates a yield of winter wheat larger than that of last year. Seeding of spring wheat is virtually finished in the Northwest. Corn planting is well advanced in the most important producing sections. Oats are in, and weather conditions have been favorable for germination and growth, with plenty of moisture and moder-

First



Chicago

Developed through the growth and experience of more than half a century

The First National Bank of Chicago

James B. Forgan, Chairman of the Board
Frank O. Wetmore, President

and the

First Trust and Savings Bank

James B. Forgan, Chairman of the Board
Melvin A. Traylor, President

offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

**Combined resources over
\$375,000,000**

Are You Losing Money On Your Coal Properties?

Our specialty is making money out of coal property. Our records show that we have done it for 39 years. Give us the chance to make your coal property make money for you.



PEABODY
COAL COMPANY

Founded 1883

332 South Michigan Ave. - CHICAGO

Operating 36 Bituminous Mines in 11 Fields with Annual Capacity of 21,000,000 Tons

ately high temperatures. These encouraging developments have improved sentiment in the rural communities, and while there has been no great increase in buying, as indicated by mail order returns, the gain is important.

In manufacturing the principal gains are in the iron and steel industry. Plants of the principal producer in the district are running at eighty-six per cent. of capacity, and those of the leading independent at sixty-five per cent. Both are booking more steel than they are shipping. The manufacturers are not inclined to accept orders very far ahead at present prices, especially in view of the uncertainties of the coal strike. There is no immediate danger of a fuel shortage, but in a month or six weeks more the question of supplies may become a market factor. Railroads continue to come into the market for cars, track accessories and rails. Automobile makers, warehousemen and miscellaneous manufacturers also are buying more freely, as their stocks are low. There have been several increases in prices recently, and the tendency is upward. Pig iron has advanced \$20 a ton to \$22. Scrap iron is in good demand, with heavy melting steel quoted at \$15 to \$15.50, as against a recent low of \$10.

Investment demand holds up remarkably well, in view of the number and size of recent offerings of securities. The easing of money and lowering of interest rates has whetted the appetite of investors for bonds bearing anything like the recent high rates, and under cover of this buying wave many issues of secondary merit have been floated,

so that considerable caution has become necessary in the selection of investments. A prospect of the immediate future is a large volume of refinancing, designed to replace some of the securities put out in the time of high money rates with those involving lower fixed charges.



CONVENTION DATES

Financial Advertisers Association—at Milwaukee, June 11-15.

Illinois—at St. Louis, June 22-23.

Indiana—at Indianapolis, Sept. 13-14.

Wisconsin, aboard steamer, June 17-24.

Iowa—at Davenport, June 6-7.

Minnesota—at St. Paul, June 20-21.

Michigan, aboard steamer, June 12-15.

MARSHALL AND ILSLEY BANK SEVENTY-FIVE YEARS OLD

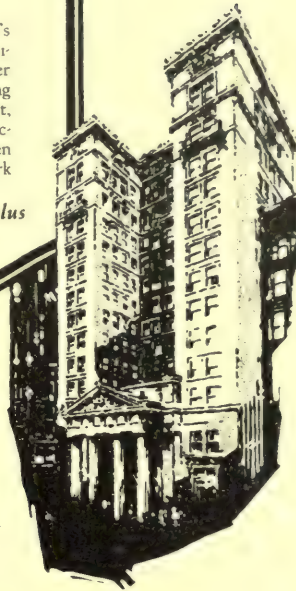
The City of Milwaukee was but a year old when Samuel Marshall, a Quaker of sound judgment and high principles, opened his banking office April 21, 1847, in a small store on East Water street. Here was the birthplace of the Marshall & Ilsley Bank, now seventy-five years old, the oldest bank in continuous existence in the Northwest. The firm opened for business under the name of Samuel Marshall and Company.

In 1849, Charles F. Ilsley became associated with Mr. Marshall, and shortly afterwards the firm name was changed to

The
**UNION TRUST
COMPANY**
Cleveland

ONE of the country's mightiest banking institutions and the center of commercial banking activity in the great, wealthy industrial section midway between Chicago and New York

Capital and Surplus
\$33,375,000



Marshall & Ilsley. Five years later, in 1854, the capital of Marshall & Ilsley had grown to \$25,000.

In 1888, the bank was incorporated under the Wisconsin State Banking Law as Marshall & Ilsley Bank with a capital of \$200,000. This was increased in 1896 to \$300,000, in 1905 to \$500,000, and in 1917 to \$1,000,000. The increase in deposits for the last thirty years shows that the business of the bank has steadily grown. The deposits were \$2,545,516.00 in 1890 and had increased to \$22,862,472.58 in 1920.

In 1901, Mr. Marshall retired as president to be succeeded by Mr. Ilsley who held this office until his death in 1904. Succeeding presidents have been Gustav Reuss, 1904-1908; James K. Ilsley, 1908-1915; John Campbell, 1915-1920; John H. Puelicher, 1920 to date.

The building which the bank now occupies was completed in 1913.

In 1906, a branch bank was erected at 374 National avenue for the the accommodation of the South Side patrons. An addition has been built which was formally opened on April 21, the seventy-fifth birthday of the bank.

J. H. Puelicher, the president, entered the

bank as discount clerk in 1893. He is now recognized throughout the country as one of our leading bankers. He not only holds high position in the financial world, as first vice-president of the American Bankers Association, but is also a recognized factor in the educational world because of his untiring efforts to further education and thrift. His War Savings service was conspicuously constructive. He has served Milwaukee as president of the School Board and is now a trustee for Milwaukee-Downer College and for Marquette University.

The officers who are now serving are as follows:

J. H. Puelicher, president; John Campbell, vice-president; G. A. Reuss, vice-president and manager S. S. branch; F. X. Bodden, J. H. Daggett, vice-presidents; John E. Jones, cashier; H. J. Paine, Jos. C. Moser, A. B. Nichols, Jr., Charles F. Ilsley, A. S. Puelicher, assistant cashiers; Carl R. Jeske, assistant manager S. S. branch.

The directors are: William E. Black, John Campbell, W. W. Coleman, J. O. Frank, Albert F. Gallun, Jas. K. Ilsley, William S. Marshall, Robert N. McMynn, J. H.



NEW VAULT RECENTLY BUILT FOR THE NATIONAL CITY BANK, INDIANAPOLIS, IND.

This massive circular vault entrance is the standard door of the York Safe and Lock Co. and represents their most modern product. In this door is incorporated the "Infusite" torch-resisting metal in the same proportion as in the enormous vault entrances recently constructed or under construction for the vaults of the Federal Reserve banks in New York, Philadelphia, Chicago, Boston, Cleveland and Pittsburgh.

Puelicher, G. A. Reuss, J. H. Tweedy, Jr.,
A. P. Woodson.

RESULTS OF CAMPAIGN OF CLEVELAND BANK

The thirty-day spring drive for new business conducted by staff of the Guardian Savings and Trust Company, Cleveland, ended April 20, with a total of 5758 new accounts secured and initial deposits of \$1,441,900. Every one of the 600 employees secured at least one account.

"Loyalty and enthusiasm explain the success of the campaign," said T. E. Monks, vice-president, who was commander-in-chief of the drive. "No prizes were awarded, and only nominal bonuses were allowed for the number and amount of accounts obtained."

Officers and employees were separated into two competitive armies, the reds and the blues, with fourteen teams to each side. L. E. Holmden, treasurer, was general of

the blues, and L. J. Kaufman, assistant treasurer, was leader of the reds. The campaign opened with an enthusiasm-arousing rally. Each week the captains held team meetings to discuss ways of getting more accounts. The new business department supplied multigraphed letters to those who wished to write their local and out-of-town friends, soliciting accounts. Three times during the month brief rallies were held in the bank lobby to hear reports and to decorate "privates" who had made records in account-getting. Two large thermometers, one red and one blue, each day registered the total number of accounts for each side.

At the close of the contest, the blues led with 3127 accounts, but the reds ran ahead of their rivals in the total of deposits secured, \$1,110,590. The team leading was that captained by J. A. Ward, blue, with 874 accounts. Individual leaders in the drive were: Frank G. Stuber, 211 accounts; D. A. Hull, 200; J. A. Ward, 162; Sideny Rowell,

Special Service Bureau

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Address mail or wires to Travel Service Bureau

The NATIONAL CITY BANK of CHICAGO

DAVID R. FORGAN, *President*

BANKS AND BANKERS DEPARTMENT

FRED A. CRANDALL, *Vice President*

S. P. JOHNSON, *Asst. Cashier*

R. V. KELLEY, *Asst. Cashier*

127; Miss A. E. Gemmell, 126; Eugene Greenbaum, 107.

Army promotions were awarded those who attained certain quotas. If an employee obtained at least twenty-five accounts, he was made a corporal; if thirty-five or more accounts, a sergeant; if 100 or more accounts, a lieutenant. More than fifty "privates" in the red and blue armies were promoted.

The close of the campaign was marked by a dinner party, April 20, when final reports were read, army promotions announced, and addresses delivered by President J. A. House, H. P. McIntosh, chairman of the board of directors, Attorney T. J. Treadway, member of the board, and Vice-president T. E. Monks.

The drive was organized by the new business department, headed by A. R. Fraser, vice-president.

NEW OFFICERS OF THE MIDLAND BANK

Harold C. Avery has been elected a vice-president of the Midland Bank, Cleveland, Ohio, and started his new duties May 1. J. Brenner Root was elected cashier, succeeding Frank A. White, recently resigned.

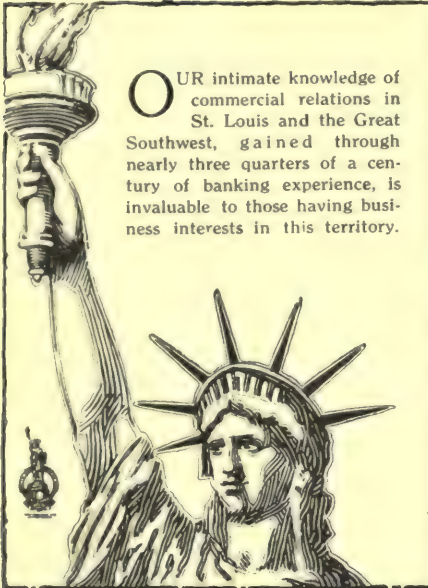
APPOINTMENTS OF FIRST NATIONAL COMPANY

The board of directors of the First National Company, which is the investment division of the First National Bank in St. Louis, at its regular meeting held May 16, announced that the resignation of Tom W. Bennett as president is now effective.

In accordance with the action taken at the last month's meeting of the company's directors, F. O. Watts, president of the First National Bank, succeeded to the office with Henry T. Ferriss, vice-president, in active charge of the company's affairs.

Several changes and additions in the personnel of the company were announced at the meeting of the board. They are as follows:

J. Cham Ely, manager of the Memphis office of the National City Company, was appointed sales manager, effective June 1. Chauncey Clark, now associated with the firm of Jourdan, Rassieur and Pierce, will be appointed counsel. Mr. Clark is a native of Springfield, Mo., a graduate of Yale University and Harvard Law School and has practiced law in St. Louis for ten years. Alfred Fairbank, now assistant bond officer, was appointed assistant manager of the



OUR intimate knowledge of commercial relations in St. Louis and the Great Southwest, gained through nearly three quarters of a century of banking experience, is invaluable to those having business interests in this territory.

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 Licensed Under Government Supervision
 ORGANIZED 1855
SAINT LOUIS

municipal bond department. L. E. Mahan, assistant secretary, was appointed assistant loan officer of the mortgage loan department.

It was also announced that other additions to the force of the company would be necessary on account of the expansion incident to the new policy of the First National Bank of establishing branch offices throughout the city. The First National Company will have a representative at each branch to handle investments.

W. E. GUERIN ELECTED VICE-PRESIDENT

W. E. Guerin, manager of the foreign department of the Guardian Savings and Trust Company, Cleveland, has been elected a vice-president of the bank, President J. A. House has announced.

Mr. Guerin has been head of the foreign department of the Guardian for two and

one-half years, during which time it has developed into one of the foremost foreign departments among the banks of the inland states. Before joining the Guardian staff, he was with the First National Bank, Cleveland. During the war he was connected with the United States Shipping Board, and after the signing of the Armistice he made a tour of European countries studying for-



W. E. GUERIN

Recently elected vice-president Guardian and Savings Trust Company, Cleveland

eign trade conditions. Last February he was elected president of the Bankers' Association for Foreign Trade at the convention held in Cleveland.

NEW BANK BUILDING

A large bank building will be erected by the State Bank of Oak Park and the Oak Park Trust and Savings Bank, Chicago, connecting with the old building, at Marion and Lake streets. The deposits of these banks combined are reported to be \$4,250,000.

Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico and Oklahoma

ECONOMIC CONDITIONS IN THE WESTERN STATES

By SAMUEL SOSLAND

GENERAL business in the Western States presents a brighter aspect than at any time in more than a year. In fact, it appears that the process of recovery from the wounds and difficulties of the post-war deflation period that began early in 1920 has set in throughout the states of the West. Of course, the recovery is marked by some speculation inspired by the cheapness of money, but on the whole the Western states give no evidence of anything except what every conservative business man and banker desires to see—a slow, healthy recovery.

The outlook for new crops and the changed money situation rank as the two principal factors for business betterment in the Western territory. Despite a dry winter in Oklahoma, Kansas and Nebraska, these states have a prospect for a large aggregate harvest of wheat, although the total will be somewhat reduced from a year ago. Their soil conditions are excellent for other crops. In the spring wheat areas the crop has made an encouraging start. Pasturage is in great supply. Farmers have been busier than the most optimistic of bankers expected, the advances in prices of the coarse grains and other crops since last fall inspiring great activity. The spring season was too wet for farm work, but farmers managed to find ample time to engage in extensive seeding and planting operations.

Financially, the banks of the Western states, have as usual at this season, been losing deposits, but the demand for money has been light in commercial channels, so the tendency of rates has been downward. Many country banks have been buying bonds for investing idle funds. The spring demands of farmers were not so heavy as in other years because of the continuation of the spirit of frugality. Many farmers who paid high wages to labor two years ago and three years ago to put in spring crops did their own work entirely this season. Many farmers who bought new plows and new tractors two and three years ago, piling

up debts against themselves or emptying their reserves from the war-time profits on crops, patronized the repair shops this season. Others who did not buy tools and implements a year or two ago and who would have purchased ordinarily were not even tempted by the offers of credit from country dealers handling these farm necessities. Instead, the local blacksmiths repaired the old tools. Country merchants handling other products felt the same degree of economy. In the last few weeks, however, there has been noticeable a change for the better in farm buying. Bankers in the meanwhile have of course felt a reduced demand for spring financing on farms, but this did not prevent moderate losses in deposits.

Borrowing from the War Finance Corporation and from the Federal Reserve banks serving the Western states declined sharply. At Kansas City, for example, the earnings of the Federal Reserve bank are hardly one-sixth of the total of a year ago. This bank is carrying more government bonds and notes purchased on the open market than the total of its discounts for members. Here and there where the scars of deflation have not yet begun to heal among country banks hard hit, the War Finance Corporation continues to help, but the borrowing from it are only a small fraction of the demands in November, December and January. Some of the strongest short time loans held by the War Finance Corporation are of a class which the reserve city banks want to carry themselves now that the money situation is greatly changed. This may be appreciated from the fact that Wichita, one of the important Kansas banking points, was a lender on the New York call loan market the past month.

Bankers are beginning to express the hope that the next year will see gains in their deposits. Large crops the past two years went into the liquidation of war-time loans, and instead of increases in deposits, banks experienced sharp decreases. There are millions in War Finance Corporation loans to be paid off and the volume of farm mortgage paper outstanding has been increased greatly. However, the discounts at Federal Reserve banks are at a low ebb,

and with better prices for farm products, it seems reasonable to anticipate a better showing for banks the coming year.

As wheat is the principal money crop of the Western states, it is encouraging to find the trade in that grain estimating sales of new crop contracts to the amount of 25,000,000 to 30,000,000 bushels for export. If these figures on new crop export workings are approximately correct, they indicate a degree of confidence in current prices which is very heartening to producers and allied interests. The Western states are about to enter a new wheat crop year with their reserves of old grain down to a very low point and with flour stocks over the country reported as low. In the event of a rush of new wheat, there will therefore be outlets which should help sustain prices. Wheat is now bringing better prices than a year ago. Flour mills are running only part time, feeling in all directions an unwillingness on the part of buyers to carry more than sufficient flour to meet current needs. If any evidence is needed of unwillingness to speculate, the flour trade can furnish an abundance of it. Mills are not yet accustomed to the changed attitude of buyers, but the more study they give to the hand to mouth buying policy of jobbers and bakers, the more they feel that it means healthier if less spectacular business.

No little consideration is being given by the handlers of grain to the influence which the new farm marketing organizations will exert on the new wheat crop sales. The U. S. Grain Growers and other organizations of farmers proposing to market wheat particularly are entering a new crop year for the first time. There has been more or less enthusiasm among farmers about their formation, and now the office holders and other leaders in this movement face the necessity of doing something in the way of actual selling. It does not appear that these organizations have made sufficient progress to become successful merchandisers of grain, but they have much wheat under contract, that is, contracts which give to them the marketing of the farmers' grain. How they will proceed and what the influence they exert will prove to be are uncertain. Unless they make a good showing, a breakdown of cooperative marketing enthusiasm is probable in the Western states so far as wheat is concerned, at least. It is hoped that these inexperienced organizations will not affect markets adversely. They will not add anything to the country's sales efforts, for in neither the export nor domestic field is it possible to imagine greater selling

pressure than is now being exerted from year to year in the grain trade.

In the coarse grains extreme quiet has been the rule lately. The very wet spring, which gave grass a strong start, is a factor, as the abundance of pasturage reduced requirements of feeds. Still, the coarse grains have held quite well so far as prices are concerned. The action of live stock markets has been a supporting influence.

The live stock industry has been contributing to the betterment in business. Nearly all of the fed cattle moving are earning profits for feeders. Sheep and lambs continue to sell at exceptionally high prices. Hogs are considered very high. Even in horses and mules there is a somewhat better trade. Herds and flocks have come out of the winter with a minimum of losses, and it is probable that the calf crops will finally prove to be as large as last year. A small lamp crop is reported as a rule. There is some speculation in sheep and cattle, but while money is easier, the live-stock financing institutions have had so powerful a lesson in conservatism that they are not supplying funds freely. It is very noticeable, though, commission dealers report that with money in more liberal supply there is more trading between holders at interior points, which exerts a favorable influence on prices. In cattle, packers are reported to be operating on a hand to mouth basis. The export trade in pork products is making a favorable showing, and packers appear optimistic over the outlook. Bankers are urging conservatism in the sheep business.

Industrially, the most favorable showing is noted in the oil industry. Sharp advances have been recorded in gasoline prices, but the market is in strong hands and it is probable that further upturns will be witnessed. For a long time fuel oil was depressed, but railroads have lately entered the market for some long term contracts, and it now appears that outlets for this product will improve to an extent which will help refiners materially. A rise in crude oil before the end of the summer is predicted. Metals in general are stronger, but mining activity has increased only to a small degree. Even this, however, is encouraging. Dullness continues in coal. The miner's strike is not so serious here as in the bituminous fields. Lumber trade is improving, with the revival in building strengthening prices. Labor is better employed but at reduced wages in most instances. Labor seems reconciled to the changes and manifests a better spirit.

Wholesale and retail mercantile interests

THE OMAHA NATIONAL BANK,
entering upon its fifty-sixth year of successful banking experience, has developed and perfected facilities which are adequate for every banking requirement.

*We invite you to make full use of our
facilities and complete banking service*

The Omaha National Bank

OMAHA, NEBRASKA

Capital and Surplus, \$2,000,000

have had a better business the past month, but still note economical buying and are looking forward to the stimulus of new crop money. Country merchants will buy more freely when new crops come in, and this, in view of the small purchases by farmers for months, should make itself felt through activity in mercantile trade throughout the country.

With low stocks of merchandise, and with a larger farm purchasing power in sight, the West feels better than in a long time. It would be very happy over business if it was more certain about the outlook in Europe. Today Europe is the greatest uncertainty to the West in gauging future business. The foodstuffs situation in the Old World, according to advices to exporters, points to good export sales from the West, but what will the Old World do as regards manufactures and what will be the influence of that on the great industrial population of the country that consumes much of what the farmer and the stockman produce? The growing confidence which appears manifest influences the West

to be more hopeful in considering these questions but Europe at the same time makes this territory conservative about business.

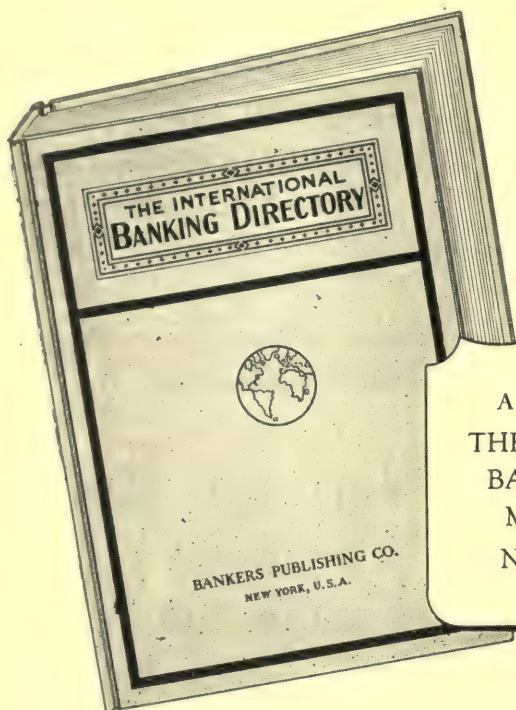


CONVENTION DATES

North Dakota—at Minot, June 15.
Colorado—at Glenwood Springs, June 22-23.
Montana—at Missoula, August 18-19.
New Mexico—at Las Vegas, Sept. 22-23.

BANK MERGER IN SALT LAKE CITY

Arrangements have been made for an amalgamation of the Continental National Bank, Salt Lake City, of which J. E. Cosgriff is president, and the National Bank of the Republic, of which E. A. Culbertson is president. The combined resources of these banks amount to more than \$10,000,000 and deposits exceed seven million dollars.



A Directory of
the Banks of
the entire World
under
one Cover

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BANKERS
MAGAZINE
New York

Bankers, Exporters and Importers

WE announce the forthcoming publication of the 1922 edition of the INTERNATIONAL BANKING DIRECTORY. This publication will be found of inestimable value to those requiring a dependable and comprehensive reference book containing a complete listing of banks and bankers throughout the world. It gives in addition requisite information as to resources, branches, agencies and correspondents as well as the names of the principal executives.

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Pacific States

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Arizona and Alaska

ECONOMIC CONDITIONS IN THE PACIFIC STATES

By J. F. DONNELLAN

BRIGHT spring weather has benefitted business conditions generally, and in the country there is more demand for workers, ranchers trying to catch up with their seasonal work. Logging camps and canneries are getting ready to start operations and contracts for fresh and dried fruits are being made at prices that compare favorably with last season. Prospects of good crops are general.

Jobbers report sales more active, with collections somewhat improved. Retail business is good in some sections but still below normal in the cities. Price advances in some commodities have not been followed but there is less talk of wage reductions.

The wholesale dry goods trade is running considerably ahead of last year. An easier financial situation has added comfort and encouragement to the commercial world and banks are showing confidence in conditions by lending assistance to large industrial and utility projects. The demand for first class bonds has apparently not diminished and the lists of dealers are pretty well depleted. The investing public, expectant of lower money rates, is taking advantage of present attractive offerings.

Improved business conditions in the Puget Sound district are reflected in the bank clearings and are traceable to increased production in the lumber industry and to spring activity in the salmon canning plants. Trend of the lumber market continues upward and the demand has outstripped the capacity of the mills. One hundred and thirty mills reporting to the West Coast Lumbermen's Association show production only four per cent. below normal. The unemployment situation has been materially improved because of the spring demand for men in the logging camps and lumber mills.

The copper mines and smelters of Montana have reopened, the price of wool is double that of a year ago, lambs are commanding a good price, and the prospects were never better at this time of year for successful grain crops. It is true that the

livestock interests of the Northwest have suffered because of the long winter but the hay farmers have profited in proportion as a result of the feeding of stock. It is too early to make predictions about wheat but all indications to date are most favorable. There has been no severe freeze, an unusual amount of water has gone into the ground and the mountains are full of snow.

A heavy lamb crop is reported from southern Idaho with some flocks thirty per cent. above normal. A somewhat exciting wool market has been taking place, notably in Idaho and eastern Oregon. Eastern buyers are contracting for wool on the sheep's back at prices up to twenty-eight cents.



CONVENTION DATES

American Institute of Banking, Portland, Ore., July 17-20.

Investment Bankers Association, Del Monte, Oct. 7-10.

Oregon—at Portland, July 17-20.

Washington—at Spokane, June 9-10.

Utah—at Salt Lake City, June 16-17.

Idaho—at Hayden Lake, June 6-7.

Arizona—at Bisbee, Nov. 10-11.

BERKELEY COMMERCIAL AND SAVINGS BANK

The Berkeley Commercial and Savings Bank, Berkeley, California, recently reorganized with W. F. Morrish, vice-president of the Security Bank and Trust Company, San Francisco, as its president, has purchased the Berkeley branch of the Oakland Bank of Savings for its new headquarters, obtaining the assets and full equipment of the branch bank, including the six-story building which the branch occupied in part.

The new bank will be strictly a local banking institution backed by local capital. The directors are S. H. Brake, president S. H. Brake & Co.; Lester Hink, president J. F. Hink & Son; H. C. Macauley, president H. C. Macauley Company; Elwood Mead, University of California; Will F. Morrish, vice-president Security Bank and

First Bank to Incorporate in Hawaii

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Capital, Surplus and Undivided Profits \$2,303,374.69

Total Resources 17,666,015.63

C. H. Cooke, *President*E. D. Tenney, *Vice-Pres.* E. F. Bishop, *Vice-Pres.*Roxor Damon, *2d V.P.* G. G. Fuller, *2d V.P.*Frank Crawford, *2d V.P.* R. McCorriston, *Cash'r***Branch Banks:**—Lihue and Kapaa, *Island of Kauai*; Waipahu, Wailua, and Pearl Harbor, *Island of Oahu*.

Prompt handling of collections through close connections on each of the Islands in the Territory.

Trust Company, San Francisco; Joseph Park, capitalist; Chester Rowell, member State Railway Commission; Max Thelen, former president State Railway Commission; Perry Thompkins, vice-president Mason McDuffie Company; Judge William H. Waste, Associate Justice Supreme Court, State of California.

R. P. ANDERSON BECOMES PUBLICITY MANAGER

Ralph P. Anderson has become manager of advertising and publicity of Stephens & Company, San Francisco bond house with branches in Oakland, Los Angeles and San Diego.

Mr. Anderson was until recently in charge of bank and financial advertising with the K. L. Hamman Advertising Agency, Oakland. Previously, he was for two years manager of advertising and publicity, and assistant to the president of the Sacramento-San Joaquin Bank, of Sacramento. While with the Sacramento bank, he originated several business-getting plans which attracted nation-wide attention. He is well known among Pacific Coast bankers.

REFINANCING PLAN OF LOS ANGELES BANKS

A refinancing plan looking towards one of the largest bank mergers of recent years was announced on May 2 by Henry M. Robinson, president of the First National Bank of Los Angeles, the Los Angeles Trust and Savings Bank and the First Securities Company. The merger, which is to follow the refinancing, when completed will affect nine state or savings banks and seven national banks, in addition to the First National Bank of Los Angeles and

the Los Angeles Trust and Savings Bank. Completion of this proposed merger is expected about July 1 next. The savings banks will probably be taken over first, and this step is expected to be followed by the consolidation of the national banks.

The financial institutions to be included in the consolidation are: Bank of Santa Maria, the Commercial Trust and Savings Bank, Santa Barbara; the Fidelity Trust and Savings Bank, Fresno; the First National Bank of Hollywood; the Hollywood Savings Bank; the Alhambra Savings and Commercial Bank; the First National Bank, Redlands; the Redlands Savings Bank; the National Bank of Tulare; the Savings Bank of Tulare; the First National Bank of Visalia; the Producers Savings Bank, Visalia; the First National Bank, Oxnard; Oxnard Savings Bank; the City National Bank, Long Beach, and the Lindsay National Bank.

Under previous consolidations, the Union National Bank of Pasadena, the Union Trust and Savings Bank of Pasadena, the American Marine National Bank of San Pedro, and the Bank of Glendale have already become part of the Los Angeles Trust and Savings Bank.

Under the call of the Comptroller of the Currency on March 10, the total capital, surplus and undivided profits of the three institutions were \$13,842,026.07.

Through a declaration of cash and stock dividends, it is intended to refinance these three institutions and to provide the funds necessary to complete the merger with the outside banks, giving the three institutions, after the outside banks have been taken in, combined capital assets of some \$18,600,000.

COAST TO COAST TRAFFIC THROUGH THE PANAMA CANAL

An article under the above title appears in the monthly review of the Mercantile Trust Company of San Francisco, Cal. As the use of the Canal by the West Coast has increased sixty per cent. the article gives statistics of the coast to coast trade. A part is reprinted here:

Perhaps the most notable development in the use of the Panama Canal in 1921 was the great increase in shipments between American ports on the east and west coasts during a time of international trade depression and consequent shrinkage in the volume of ocean transportation.

Shipments through the Canal in almost all other important trade routes in which Panama is the link between the Atlantic and Pacific fell off considerably—in some cases as much as fifty per cent. But American coast-to-coast cargoes were 850,000 tons greater in 1921 than in 1920; the total tonnage increased from 1,327,765 in 1920 to 2,177,411 last year.

The total tonnage that passed through the Canal in 1921 was 11,991,679. Of this, 2,177,411 tons—more than eighteen per cent.—was cargo



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is now available in

LOS ANGELES
HOLLYWOOD
LONG BEACH
PASADENA
GLENDALE
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HUNTINGTON
BEACH

A service which visitors and newcomers to California appreciate has been provided by this bank through its Department of Research and Service.

Accurate and authentic information relative to any line of business in Southern California is furnished free upon request. Persons coming to California to engage in business find this invaluable.

If you direct the attention of your patrons who come West to this service, you are assured that they will receive our careful attention.

Your customers will appreciate the courtesy of a letter of introduction to us.

SECURITY TRUST & SAVINGS BANK

SAVINGS

COMMERCIAL

TRUST

Capital & Surplus - - - \$ 10,000,000

Resources Exceed - - - \$150,000,000

moving between Atlantic and Pacific ports in the United States.

Slightly more than half the commodities that moved through the Canal last year in the coast-to-coast trade went from the Pacific to Atlantic and Gulf ports. Eastbound cargoes weighed 1,176,808 tons, and westbound, 1,000,603 tons. But westbound traffic showed the larger percentage of increase over 1920, when 749,386 tons of commodities were shipped by way of the Canal from west to east and 578,627 moved from east to west.

Of course only a relatively small part of the commodities that are exchanged in the commerce of the West and the East goes by water; seaports and inland cities alike move the bulk of their products to domestic markets by rail. But coast-to-coast water transportation nevertheless is important to both Atlantic and Pacific seaboard.

When the lumber industry in the Pacific Northwest lost its middle-western markets, for instance, on account of the high freight charges that made it impossible for Oregon and Washington to compete with the pine-producing states of the South, the lower costs of shipping by ocean through the Panama Canal saved Atlantic Coast markets to the West.

Similarly, more than 80,000 tons of California's canned fruits and vegetables were loaded on ships in San Francisco alone last year and moved to Atlantic markets by way of the Canal. And from the East to San Francisco came 100,000 tons of iron and steel, and miscellaneous manufactures of iron and steel shipped through Panama.

Last year 2,531,801 tons of various commodities moved through San Francisco in the import and export trade. In the same period 797,100 tons—very nearly one-third as much—entered or cleared from the port in the American coast-to-coast trade. If the average value per ton was the same in the foreign trade and in the domestic trade, something like \$75,000,000 of goods passed between San Francisco and Atlantic and Gulf ports.

Considerably more than one-third of the tonnage that moved between American ports by way of the Canal was shipped from or to

San Francisco. The rest represented coast-to-coast shipments of which the point of origin or destination was Los Angeles, San Pedro, San Luis Obispo, Eureka, Coos Bay, Portland, Astoria, Gray's Harbor, Seattle, Tacoma or other ports on Puget Sound.

Detailed figures for ports outside San Francisco are not available, but those for this port are typical of the whole Pacific Coast. They show how small, relatively, are the shipments of finished goods from West to East, and how large the shipments of foods and foodstuffs and other natural products.

They show the reverse in shipments from east coast ports to San Francisco; more than four-fifths of the goods shipped here are partly or wholly manufactured or are commodities for use in manufacturing or industrially.

Not all the tonnage that passed out of San Francisco in the coast-to-coast trade in 1921 is classified by commodities in official figures. But it has been possible to obtain the tonnage of forty-five commodities that made up ninety-five per cent. of the volume of shipments from San Francisco to Atlantic and Gulf coasts last year, and that is enough to permit accurate analysis of the water-borne domestic commerce.

The total tonnage of goods shipped from San Francisco through the Canal to the east coast in 1921 was 361,322 and the table that accompanies this article accounts for 345,761 tons. This ocean-borne freight was divided as follows:

	Per cent. of total
Foods and foodstuffs	184,857 tons 53.5
Other natural products	65,811 tons 19.0
Wholly or partly manufactured products	12,446 tons 3.6
*Oils, mineral and vegetable.....	82,647 tons 23.9

*Oil is not classified here because no accurate segregation of volume of various kinds is available.

More than seven-tenths of the domestic water shipments from San Francisco last year consisted of foods and foodstuffs—raw or ready for consumption—and other natural products in an unfinished state. Less than one-twenty-fifth consisted of finished goods.

Dominion of Canada

Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Newfoundland, Prince Edward Island and Yukon

ECONOMIC CONDITIONS IN CANADA

By J. W. Tyson

WHILE there cannot as yet be said to be any very material improvement in current business, there is a marked change in sentiment and returning confidence is indicated. This is noted in the general rise of industrial securities which has followed in the wake of the movement on the New York market and is evidently the result of the feeling that the worst has been passed and that better times are immediately ahead. However, the great factor in Canada is the crop and until there is a harvest the improvement is largely a sentimental discounting of the future. In this connection the very favorable conditions in Western Canada, where there has been an unusual amount of moisture and the rise in the values of grain and other farm products are very important. Both encouraged seeding on a normal scale when there was a general tendency to curtail operations as the effect of the unfavorable harvest results last year; both also encourage somewhat more confidential spending on the part of the farmers, many of whom have substantial reserves from the "fat" years. At the same time the experience of last season, both as regards prices and yields, is having the effect of inducing more farmers, particularly in Western Canada, to produce for revenue rather than to speculate and the result is mixed farming on a wider scale as compared with straight wheat acreage.

Pointing out that savings bank deposits in Canada at the present time are nearly 100 per cent. greater than prior to the war and that the decline from the high peak has not been nearly so great in proportion as the decline in the value of dollar, *The Financial Post* expresses the opinion that there is plenty of money available for legitimate business enterprises and that the people will spend freely when prices have been adjusted to a basis as between producer and consumer, employer and employee, where income and expenses will again be in line and surpluses can be drawn upon without undue fear about the "rainy day". It

advances the stock market operations and expenditures for automobiles as an indication of this fundamental condition.

The following summary of savings deposits and current loans indicates the trend of changes since the outbreak of the war:

	Savings	Loans
Aug., 1914	\$ 659,399,151	\$ 836,574,099
Aug., 1915	692,580,626	758,342,735
Aug., 1916	806,774,687	739,938,513
Aug., 1917	952,591,821	836,429,670
Aug., 1918	1,014,711,865	920,775,269
Aug., 1919	1,196,632,931	1,011,785,424
Aug., 1920	1,261,647,732	1,385,470,153
Aug., 1921	1,279,830,731	1,226,467,704
Mar., 1922	1,230,628,840	1,149,187,869

A Year's Changes

	Savings Deposits	Current Loans
1921		
April	\$1,313,832,514	\$1,281,145,047
May	1,315,282,372	1,271,619,731
June	1,308,778,473	1,256,642,883
July	1,295,228,768	1,237,093,871
August	1,279,830,731	1,226,467,704
September	1,263,763,852	1,239,637,351
October	1,251,323,839	1,243,748,818
November	1,252,227,394	1,210,101,634
December	1,240,807,268	1,174,053,434
1922		
January	1,233,208,401	1,138,151,455
February	1,231,349,001	1,143,538,489
March	1,230,028,840	1,149,187,869

The Canadian banks have followed a policy of curtailing commercial credit since the peak of the post-war boom in 1921. At that time current loans were about \$100,000,000 greater than savings deposits. Before the end of the year, they dropped below savings and have continued in that relationship. The decline, however, has been checked and in the last bank statement there was indicated some increase in these credits, reflecting an enlarged demand for funds for industrial and commercial purposes. Recently, too, there has been substantial improvement in the situation as regards frozen credits. This however, is in Eastern rather than Western Canada. In the West, a great many farmers did not get sufficient income from the harvest to carry them through the winter and put in a new crop this spring, let alone pay anything on principal or even interest on their advances from the banks. When it is considered that this applied to loan companies and to current commercial obligations as well, it can readily be understood much capital is still tightly frozen. In other parts of Canada stocks in the hands of retailers and wholesalers have to a large

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Capital Paid Up	- - - - -	\$4,000,000.00
Reserve	- - - - -	5,000,000.00

extent been liquidated. This has not been due so much to increased buying power on the part of the public as to a somewhat better sentiment and to the fact also that manufacturers have begun to feel the benefit of such buying as has been going on and as the surplus stocks on the shelves have gone into consumption.

The evening out of exchange has put the Canadian dollar on a more satisfactory basis in the United States but reports indicate that there has not been that renewal of buying which might have been anticipated. The unfavorable exchange, it is being contended, was a great aid to the Made-in-Canada movement and reports indicate that since the rise in the value of the Canadian dollar has not induced expected purchase of American goods, a number of American manufacturers are looking to locate branch plants in Canada, including concerns which can take advantage of preferential tariffs to export from Canada to other parts of the British Empire. This movement also seems to indicate that a reduction of the protective tariff is not to be anticipated particularly in view of the levies which have been made on Canadian exports by Washington.



GOVERNMENT BANKS

Sir John Willison, writing in *The Canadian Magazine*, takes a decided stand on the advisability of Provincial Governments to enter the field of finance in opposition to the chartered banks. Sir John advances the argument that the government savings scheme will not create new funds for

farmers but will tend to turn into long term loans money which is now used to finance trade and industry. He also contends that the branch banking system which is giving such efficient service may be handicapped by this new competition. Another argument advanced is that because of the attitude of borrowers to government loans the scheme will not pay in the long run and deficits must be borne by the taxpayers. He continues:

"The most substantial agriculturists already are served satisfactorily by the banks, and there is reason to fear that an undue proportion of applications for Government loans will come from those to whom the banks are unwilling or unable to lend, because of inadequate security or other reasons. Even with the most careful selections, the risk involved in such Government loans will be higher than those in general bank loans, because limited principally to agricultural borrowers and confined to Provincial boundaries, instead of being distributed over the entire Dominion and a wide range of industries. But perhaps the most serious possibility of loss arises from the attitude of buyers toward loans from the Government. In this connection, Hon. Charles A. Dunning, Provincial Treasurer of Saskatchewan, has given exceedingly significant evidence. Reviewing the experience of the Saskatchewan Farm Loans Board, Mr. Dunning stated recently that in the first year of Government loans interest collections were twenty per cent. less than the amount due. In the second year, this increased to forty per cent., and in 1920, to fifty-four per cent. In 1921 the Provincial Government collected only thirty-seven per cent. of the amount due on the loans which it had made. "Generally speaking the board is not paid first, but often is paid last, provided there is anything to pay with," Mr. Dunning said. "It would be practically impossible for the best of Governments to enforce collections on a strict business basis, in disregard of the fact that the debtor has a vote."

THE RECENT AMALGAMATION

A comparison of the "amalgamated" returns of the Bank of Montreal and the Merchants Bank as found in the latest bank statement indicates in some interesting fea-

tures, how the absorption has been effected. The capital of the Bank of Montreal was \$22,000,000 with a similar rest account in February; the merger resulted in one half the \$10,500,000 of unimpaired capital of the Merchants going to each; increasing capital to \$27,250,000 and rest to a similar amount. This carried out the "two shares for one" idea.

Deposits of both combined in February were \$409,650,000, the March return indicates that practically all were retained in the merger, the total being actually increased to \$419,404,000.

"Overdue debts" of the Merchants seem to have been wiped out to the extent of \$1,080,000, either by drawing in profits or by wiping out most of the remaining "reserve" fund of the Merchants. At all events the Bank of Montreal in February had \$579,000 in overdue debts and the Merchants \$2,868,000, a total of \$3,447,000, while in March the total was reduced to \$2,367,000.

In bank premises Bank of Montreal stood at \$5,500,000 and Merchants at \$6,550,000, a total of \$12,050,000. These had been cut down to \$10,750,000 in March.

DECLINE IN MARCH BANK BALANCE SHEETS

A decline in total liabilities and assets of Canadian banks during March is shown by the statement issued through the Department of Finance.

At the end of February assets of Canadian banks stood at \$2,645,614,035 and liabilities at \$2,370,542,898. On March 31 the former totaled \$2,622,756,500 and the latter \$2,348,670,584.

Savings deposits remain at practically the same figures as at the end of February, while current loans show a slight increase.

EFFECT OF NEW U. S. TARIFF

Total Canadian exports to the United States during the ten-month period ending March, 1921 and 1922, were \$157,141,786 and \$35,954,735 respectively. The very large decrease is due to the operation of the United States Emergency Tariff Act, which was passed on May 23, 1921, and became effective on May 28.

The following tables show (1) the articles which Canada has been exporting to the United States, values of these articles exported in March, 1921, as compared with those of March, 1922—the tenth full month of the operation of the Emergency Tariff Act; and (2) the values for the ten months

June, 1920, to March, 1921, as compared with the corresponding period in 1921-22.

Article	Month of March.	
	1921	1922
Sugar	\$ 20,309	\$ 301
Tobacco	605	525
Cheese	2,551	62,895
Apples	1,797	593
Meats	299,520	169,379
Milk	322,335	.....
Cattle	747,007	62,429
Wheat	5,835,656	55,234
Wool	147,629	117,817
Total	\$9,488,589	\$1,283,942

Article	10 Mos. Ended Mar.	
	1921	1922
Sugar	\$9,025,662	\$ 2,257
Tobacco	33,195	4,310
Cheese	161,361	438,047
Apples	112,192	2,380,505
Meats	6,034,173	3,271,310
Milk	2,068,447	205,745
Cattle	21,209,021	2,974,357
Wheat	91,255,996	13,441,538
Wool	2,051,302	38,442
Total	\$157,141,786	\$35,954,735

BANK EARNINGS SHOW ONLY SLIGHT REDUCTION

As each annual report of Canadian chartered banks appears it is found that the earnings of the banks of Canada were well sustained during the eventful period covered mainly in the year 1921.

With the absorption of the Merchants Bank by the Bank of Montreal, the number of chartered banks is reduced to seventeen. The Molsons Bank ends its fiscal year on September 30, while twelve of the other banks end their fiscal periods on February 28.

Without exception, the earnings reported by all these banks were lower than during the previous year. Without exception, also, the earnings were altogether satisfactory, and the standing of the banks good, in view of the difficulties which had to be surmounted.

Following is a statement of the earnings of eleven of the banks:

Bank—	Earnings	P. C. on capital stock.
Molsons	\$ 758,380	18.80
Montreal	3,949,796	17.95
Royal	4,037,836	19.80
Commerce	3,116,137	20.77
Union	1,342,389	16.78
Toronto	926,125	18.52
Hochelega	630,902	15.77
Dominion	1,125,181	18.76
Nova Scotia	2,111,733	21.77
Standard	725,015	18.12
Hamilton	850,672	17.01

The percentages shown in the table allude to the ratio of profits to paid-up capital.

The totals of the earnings shown above compare as follows:

Last fiscal period	\$19,568,176
Previous fiscal period	21,096,617
Reduction in earnings	\$1,528,441

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ATTACK ON CREDITS PLAN CEASES

A deputation of bank managers had a meeting with Premier Drury and other members of the Cabinet in connection with the rural credit scheme on which the Government has embarked. It was said to have been conciliatory and the bankers withdrew several attacks made against Government banks as contained in the pamphlet recently issued on behalf of the Canadian Bankers' Association. The chief of these was the claim that the Government was going into rural credits from political motives. It seemed generally understood that, while the banks would oppose the Government banks as competitors, much as one bank competes with another for business, there would be no concentrated attack on the part of the banks on the Government's innovation. The bankers, at the interview, are said to have offered considerable advice intended to safeguard the Provincial Treasury against rural credits of the type which were likely not to be repaid.

CANADIAN BANK OF COMMERCE

The board of directors of the Canadian Bank of Commerce has declared a dividend of three per cent, on the capital stock for the quarter ended May 31.

COURSE OF EXCHANGE

The foreign department of the Canadian Bank of Commerce has issued a chart showing the course of United States exchange in Canada for the years 1918 to 1921 inclusive.

COMPARATIVE STATEMENT OF THE ROYAL BANK OF CANADA

	Capital Paid up	Reserve Fund	Deposits	Dividends
1869	\$ 300,000	\$ 20,000	\$ 284,656	—
1870	400,000	20,000	288,251	7 1/2
1875	900,000	180,000	869,312	8
1880	900,000	180,000	1,232,362	7
1885	1,000,000	120,000	1,742,835	6
1890	1,100,000	375,000	3,277,606	6
1895	1,500,000	975,000	6,199,207	7
1900	2,000,000	1,700,000	12,015,710	7
1901	2,000,000	1,700,000	13,363,124	7
1902	2,481,000	2,500,000	13,929,120	7 1/2
1903	3,000,000	3,000,000	16,087,446	8
1904	3,000,000	3,000,000	21,945,144	8
1905	3,000,000	3,400,000	26,435,658	8
1906	3,900,000	4,390,000	32,464,685	9
1907	3,900,000	4,390,000	33,265,498	10
1908	3,900,000	4,600,000	37,443,441	10
1909	5,000,000	5,700,000	50,822,129	10
1910	6,200,000	7,000,000	72,079,607	11
1911	6,251,080	7,056,188	88,294,808	12
1912	11,560,000	12,560,000	137,891,667	12
1913	11,560,000	12,560,000	138,177,662	12
1914	11,560,000	12,560,000	136,051,208	12
1915	11,560,000	12,560,000	154,976,327	12
1916	12,000,000	12,560,000	200,227,595	12
1917	12,911,700	14,000,000	252,987,382	12
1918	14,000,000	15,000,000	332,591,717	12
1919	17,000,000	17,000,000	419,121,399	12*
1920	20,134,010	20,134,010	455,017,387	12*
1921	20,400,000	20,400,000	375,616,343	12*

*And 2% bonus.

With the Bankers Associations

STATE BANKERS ASSOCIATIONS ELECTIONS

The newly elected officers of the state bankers associations holding their conventions in May are given below:

Louisiana Bankers Association: W. S. Craig, Tallulah, president; J. C. Barry, Lafayette, secretary; W. J. Mitchell, New Orleans, treasurer; L. O. Broussard, Abbeville, chairman executive committee; C. G. Rives, New Orleans; S. Arthur Knapp, Lake Charles; R. H. Miller, Minden; John Dane, New Orleans; Joseph Fisher, Morgan City; H. Flood Madison; Bastrop; W. S. Craig, Tallulah; members executive committee.

Florida Bankers Association: President, Dr. Louis A. Bize, Citizens-American Bank and Trust Company, Tampa; vice-president, Charles A. Faircloth, National City Bank, Tampa; secretary, Wilson O. Boozer, American Trust Company, Jacksonville.

North Carolina Bankers Association: President, C. E. Brooks, Hendersonville; vice-presidents, J. D. Biggs, Williamston; S. A. Hubbard, Asheville; T. A. Uzzell, New Bern; treasurer, H. G. Kramer, Elizabeth City; secretary, A. T. Bowler, Raleigh.

Maryland Bankers Association: President, Samuel A. Graham, Farmers and Merchants Bank at Salisbury; vice-president, T. Rowland Thomas, National Bank of Baltimore; secretary, Charles Hann, of Baltimore; treasurer, William Marriott, Western National Bank of Baltimore.

Arkansas Bankers Association: George H. Bell, cashier Planters Bank and Trust Company, Nashville, president.

COMMITTEES ORGANIZED FOR BANKERS CONVENTION

Organization of a finance committee and a committee on convention information to take charge of arrangements for the American Bankers Association convention to be held in New York, October 2 to 6, has been announced by Seward Prosser, president of the Bankers Trust Company, and chairman of the Committee of One Hundred, which has general charge of all preparations for the gathering.

The finance committee, responsible for preparing a budget and providing for the expenses of the convention, will be under the direction of Gates W. McGarrah, chairman of the board of directors of the Mechanics and Metals Bank. His associates will be James S. Alexander, president of

the National Bank of Commerce; Charles E. Mitchell, president of the National City Bank; William C. Potter, president Guaranty Trust Company; Jackson E. Reynolds, president First National Bank; Albert H. Wiggin, president Chase National Bank and William Woodward, president Hanover National Bank.

Guy Emerson, vice-president National Bank of Commerce, has been selected to head the committee on convention information. His associates will be Shepherd Morgan, assistant Federal Reserve agent in New York; George E. Roberts, vice-president National City Bank; Francis H. Sisson, vice-president Guaranty Trust Company and Grosvenor Farwell of Hitt, Farwell and Park.

Mr. Emerson has established headquarters for his committee in the Equitable Building. "It will be the duty of this committee," said Mr. Emerson, "to supply complete information to the 23,000 members of the Bankers Association in all parts of the country on all matters connected with the convention. We mean to emphasize the importance of the October meeting to the banking interests of the United States in view of the serious national and international problems that will come up for discussion. We also hope to show the fundamental hospitality of New York as a city and to make plain to all of our guests the attractions available to visitors here. We believe that more than 7500 members of the Association and their friends will attend."

MINNESOTA ASSOCIATION GIVES SERVICE

The Minnesota Bankers Association is sending to banks in its district easel cards which bear notice to customers that unregistered Liberty bonds must not be kept in safe deposit boxes except at the risk of the owner, but that the banks will receive the bonds for safe-keeping, giving them the protection of their own vaults and insurance.

DISTRICT OF COLUMBIA BANKERS ASSOCIATION

The council of administration of the District of Columbia Bankers Association has been authorized to secure quarters in the new Masonic Temple, Thirteenth street and New York avenue, Washington, D. C., as headquarters for the association and the Washington chapter, A. I. B.

ROCKLAND COUNTY BANKERS ASSOCIATION

Thirty-three representatives attended the annual meeting of the Rockland County Bankers Association, held at the Nyack Club, the Nyack National Bank being host.

Officers for the ensuing year were elected as follows: President, O. E. Reynolds, People's Bank of Haverstraw; vice-president, W. H. Radcliffe, Rockland County Trust Company, Nyack; secretary and treasurer, H. E. F. Tanner, First National Bank, Sparkill.

BANKERS PUSH COAST TRIP PLANS

Plans for the annual convention of the Investment Bankers' Association of America, to be held at Del Monte, Cal., Oct. 7 to 11, are progressing satisfactorily, according to Cyrus Peirce, chairman of the convention committee. In the ten years of existence this is the first time the association has ever visited the Pacific Coast with its convention. The executive committee of the California group consists of B. H. Dibblee, chairman; Cyrus Peirce, vice chairman; C. A. Miller, secretary; H. S. Boone, J. W. Edminson, R. E. Hunter, J. E. Jardine, R. H. Moulton, L. T. Ryone, G. S. Stephens and Dean Witter.

PENNSYLVANIA BANKERS CONVENTION

The Pennsylvania Bankers Association held its convention in the William Penn Hotel, at Pittsburgh beginning May 24. The association celebrated its silver anniversary this year, having been founded in 1895.

The opening address of the president, Alexander Dunbar, is given in part:

The Pennsylvania Bankers' Association has bridged the span of more than a quarter of a century. Born in Philadelphia, December 18, 1895, it has rounded out twenty-six and a half years of successful existence.

Since the Association did not celebrate its twenty-fifth anniversary last year, the Council of Administration decided to designate this meeting in Pittsburgh as the "Silver Anniversary" Convention of the Association. Institutions unlike individuals never grow old, years do but add, if not to youth certainly to youthfulness and to capacity for new and ever-enriching service.

At this time it is appropriate to pause and acknowledge the debt of gratitude the Association owes to the earnest and broad-visioned men who have made its success possible. A volume would be insufficient to enroll the names of those who have contributed generously of their time and thought in shaping and promoting the activities of this organization.

The "get together" spirit, the desire to meet on common ground, to exchange experiences and confidences, which prompted the creation of the Pennsylvania Bankers' Association has continued to nourish and animate it through the quarter century of its history.

The fact that the organization has grown in power and in influence through the years is in itself eloquent tribute to the genuineness of this spirit among its members. In such a



ALEXANDER DUNBAR

President Pennsylvania Bankers Association; vice-president and cashier Bank of Pittsburgh, N. A.

highly competitive field as banking, and especially in a State with such widely diversified economic interests as has Pennsylvania, conflicts of opinion, divergences of judgment, and differences in perspectives are bound to arise. The coordination of these attitudes and opinions, differing so widely but so honestly to further and safeguard the best interests of its members and to promote the industrial, agricultural and commercial welfare of State and Nation has been a very real achievement, reflected alike in the vitality of our organization and in the strength of Pennsylvania's whole economic structure.

But while it is appropriate that at this "Silver Anniversary" Convention we should acknowledge our debt to those who have built the foundations so well and deep, vision is ever forward. Let us unroll and examine the blue prints of tomorrow's "sky scraper".

The material is ample and the workmen are willing. Excepting two banks, which have not yet "caught the vision" our Association has a 100 per cent. membership, backed by statewide enthusiasm, complete harmony in the ranks, and a sincere desire for larger service and achievement. What more potent combination than this for the forward march? Shall we now mark time, satisfied with the accomplishments of our foundation builders, or shall we go to the completion of a still more stately and serviceable structure? There is but one answer—we must carry on.

The remarkable development of Pennsylvania's great banking and industrial resources, in which our members have had so large a part, must not obscure our vision of the greater things yet to come. The thought of sufficiency must not dull the keen edge of our honest ambition. What shall be the aim and purpose of this ambition? It must be service in the broadest implications of that term. Its interpretation rests upon the fact that the banker lives, moves and has his being in the needs of the community; the final measure of his reward will depend upon how well he meets these needs.

A. I. B. Notes

INTERESTING TRIP ARRANGED TO CONVENTION

The annual convention of the American Institute of Banking will be held in Portland, Oregon, July 17-20. For the benefit of eastern and middle states members a special train trip has been planned, starting from Chicago, and running not only to the coast but all around the circuit and returning by way of St. Louis. The special will leave Chicago at 10 a. m. Sunday, July 9. The first stop will be at Glacier National Park, which will be reached Tuesday morning about 8 o'clock. Tuesday and Wednesday will be spent at the park, the train leaving Wednesday morning. Thursday afternoon and evening will be spent at Spokane, and additional stops will include Seattle, Tacoma, and Mt. Ranier Park, the train arriving at Portland, Sunday morning the 16th.

The return trip will start from Portland late Thursday night. Saturday will be spent in San Francisco, Sunday and Monday in Los Angeles, Tuesday in San Bernardino, and Wednesday at the Grand Canyon of the Colorado in Arizona. Kansas City will be reached Friday afternoon, the 28th, and St. Louis Saturday morning.

It is expected at this convention that the future educational policy of the Institute will be promulgated, and it is hoped that it will be possible to announce the name of the new educational director.

RECENT CHAPTER ELECTIONS

At recent elections of three of the chapters of the A. I. B. the following presidents were elected:

Robert D. Kerr, credit department of the Liberty Central Trust Company of St. Louis, president of the St. Louis chapter.

Earl L. McCargar, paying teller of the First National Bank of San Francisco, president of the San Francisco chapter.

L. L. D. Stark, publicity manager of the Midland National Bank of Minneapolis, president of the Minneapolis chapter.

The following officers were elected by the Spokane chapter: President, J. E. McWilliams, Old National; vice-president, Arnold Gleason, Scandinavian-American; recording secretary, Ben Schmidt, Exchange National; financial secretary, William Oberheau, Fidelity National; treasurer, Elmer Bitter, Security State. Executive council: E. K. Barnes, Fidelity National; D. H. Knapp, Old National; Otto F. Allgaier, Exchange National.

The New York chapter at its annual meeting elected the following officers to serve from June 1, 1922: Frank M. Totton, Fidelity-International Trust Company, president; Ernest T. Love, Chase National Bank, first vice-president; William G. F. Price, National City Bank, second vice-president; L. H. Ohlrogge, National Park Bank, treasurer; N. M. McKernan, Irving National Bank, chief consul.

TALKS ON DEPARTMENTAL WORK

Under the direction of the Bank Business Show committee, the Philadelphia chapter of the American Institute of Banking will conduct a series of educational addresses. These talks, sixteen in number, will be offered during the sessions of the Bank Business Show, will cover the departmental work of a bank, and are to be given by experienced men actually managing the work of the departments. The talks will be illustrated with forms used by many of the banks and trust companies in their daily work. Invitation to attend these addresses is issued to all bank officers and employees whether members of the chapter or not.

CHICAGO CHAPTER GRADUATION

The Chicago chapter graduated 150 students in elementary banking and about sixty more in each of the classes of the standard banking group. About forty completed the course this year and will be awarded the Standard Certificate of the Institute.

NEW CHAPTER ORGANIZED

Organization of a Fresno chapter of the American Institute of Banking has been completed, with F. Sidelmeier of the Fidelity Trust and Savings Bank as president.

GROWTH OF NEW YORK CHAPTER

The following figures from "Chapter Notes" (New York) indicate the growth of Institute work in the big city in the last few years:

	No. Students	Disbursements
1916-17.....	680	\$22,384.84
1917-18.....	759	26,082.80
1918-19.....	1,057	28,956.68
1919-20.....	1,481	48,398.73
1920-21.....	1,953	71,497.57
1921-22.....	2,054	117,975.00

SAN FRANCISCO CHAPTER

Last year the San Francisco Chapter experienced its greatest growth and maintained its position as the third largest chapter in the United States, with a total membership of 2,501.



Poland Spring House, Poland Spring, Maine

Poland Spring

New England Summer and Winter Resort

THE Poland Spring House is situated on the old homestead estate of Wentworth Ricker in the heart of one of the loveliest regions of Maine and New England. In 1794 Jabez Ricker with his four sons and six daughters arrived and settled in a small house on the land south of the present Mansion House. In 1795 the building comprising the northwest corner of the present Mansion House was commenced. This building was first occupied in 1796, and during the following year was finished as an inn; a signpost was erected at the northwest corner with a sign bearing the words: "WENTWORTH RICKER, 1797." It is recorded that the morning following their arrival, and when there was no regular highway in these parts, two men who were passing through the country called for meals. Since that day, for a period touching three centuries, these doors have never been closed to the coming

guest. It is also worthy of note that the "Wentworth Ricker Inn" was one of the first to offer "entertainment for man and beast" on the post highway from Portland to Montreal.

The original Mansion House was opened by Wentworth Ricker, the grandfather of the present proprietors, Hiram Ricker & Sons, as Jabez Ricker had previously settled all his sons on properties, practically all of which have since been taken into the present estate, originally containing about 300 acres; and now over 5000 acres in the entire Poland Spring property.

Nearly 120 years of hotel-keeping have evolved the Mansion House, the Poland Spring House, and developed the estate; and the Riccar Inn at Poland Spring, which was first opened in 1913, derives its name from George and Maturin Riccar, the founders of the Ricker family in America. Side by side with the growth of Poland Spring as a



The Poland Spring House

famous summer and winter resort, has developed also the history of the Poland Spring itself, and Poland Water has become famous throughout the civilized world.

Poland Spring is about 800 feet above sea level, twenty-six miles north of

Portland, Maine, and about five miles via the Poland Spring Automobile Stage Line from Danville Junction station of the Maine Central Railroad. The facilities for reaching Poland Spring from New York, Boston, and other centers are unexcelled. The Poland Spring



The Mansion House



Poland Spring House from the grove

property of 5000 acres is of diversified character, and a small army of workers is employed in its upkeep. The scientific drainage, the electric-lighting system, the water supply and fire protection have attained the perfection possible only through unrestricted study

and expense. The well planned system of water towers, hydrants and sprinklers, and the system of brick fire walls, afford the utmost protection.

Of the many lakes and ponds about Poland Spring, the nearest of importance are the three Range Lakes encir-



Spring House and grove



The 12th hole

cling the western foot of Ricker Hill, less than a mile from either hotel. These are well stocked with bass, togue, and other game fish. Within a few miles are other noted waters: Lake

Auburn, Thompson's Pond, Sabbath Day Lake, etc., and if a guest should desire to visit the Rangeleys, which are within easy distance, arrangements may be made to occupy the Poland Spring



Poland Spring House from grove near Maine State Building



Maine State Building and chapel

Camp on Mooselukumeguntic for short periods.

The long sand beach at Middle Range Lake is a constant delight to children. There is every opportunity for boating and swimming, and a modern bathing pavilion, with instructors and boatmen, will be found at Middle Lake.

The tennis facilities have kept pace with the increasing popularity of the game; the three clay courts are the best that can be built, and are maintained in first-class condition. Riding is a feature that has had much attention, and an excellent string of saddle horses, and a riding master from the staff of the Durland Academy of New York, are available during the season. The links—an eighteen-hole course—rank with the best in the country.

The Mansion House and Riccar Inn are open the entire year and offer every modern comfort and convenience to the guest with long-distance telephone and steam heat in every room. Particularly during the winter season which is at its height from the first of December until the last of March, the Mansion House

is the most modern of the winter resorts in New England.

A notable feature of Poland Spring is the "Maine State Building"—the official building of the State of Maine at the Chicago World's Fair in 1893, when Poland Water received the Grand Prize. At the close of the Exposition this building was purchased, and reërected at Poland Spring. This building houses the annual exhibit of representative American artists, in addition to the growing permanent exhibition of the owners, and the library of over 6000 volumes of modern, classical and historical literature; the reading room is provided with the more important periodicals, under the charge of a competent librarian.

All Soul's Chapel—erected through the coöperation during many years of proprietors and guests, by direct contributions, and the proceeds of an annual fair for the purpose—is adjacent to the Poland Spring House, and on Sundays is the scene of services of various religious denominations for all who desire to attend.

Modern Business Ethics

By William J. Couse

President Asbury Park Trust Company

AT the beginning of the present century, business had reached a high point of efficiency. Corporations had become highly organized and the spirit of the age was pronounced commercialism. Competition was keen and sharp wits were a necessary part of the game.

During the past few years there has been a decided change in business practice. There is a growing tendency towards higher business standards. Unfair competition and sharp practices are considered bad form. We are getting back to first principles. Success is not now being measured in dollars but in terms of service. We are beginning to have a better understanding of the real values in life and that money values do not constitute a proper standard of measurement. Emphasis is being put on service. "We ourselves the better serve by serving others best."

Many industrial leaders today could resign their executive positions, sell their stock holdings in their enterprises, investing the proceeds in tax exempt securities and by so doing materially increase their net income and also be relieved of the worry and responsibility that accompany active management. That so large a proportion of business, industrial and financial heads, after having acquired ample means to retire in affluence, continue to devote themselves to the hard grind of active participation, bearing responsibility and risking their capital, is evidence of a higher purpose than desire for gain.

It is generally recognized that only high ideals in business afford a sound basis on which to build. Men see that to plan business so that it will contribute something to the general welfare is to build a foundation for success that will endure. More and more we are coming to recognize the principle of stewardship. It adds to the pleasure of business and makes success more certain if we strive for the highest degree of usefulness. It is an encouraging sign that increasing numbers of the

leading business men of our day are employing their talents in coöperating with movements that promote public welfare.

This does not mean that we are to be lax in our effort to build and expand our business to its greatest possible scope, but that we shall do it honestly and fairly and construct a foundation based on the square deal. Only on this basis will it be in the highest sense successful and lasting.

We have been going through a period of restlessness. Human problems everywhere have been unsettled, and our mental state has not been conducive to concentration on the problems of the day. There is much loose thinking and ungoverned action, and the cure must come from educational processes, emphasizing useful occupation, thrift, personal responsibility and simon-pure Americanism.

A live modern vision, applicable to present-day problems, is indeed a compelling force. "The constructive agencies of our Christian civilization must overcome the influence which the reckless destruction of property and life has produced upon the standards and thinking of a great mass of the people of our day."

It requires courage deliberately to plan our lives and our business right with a high purpose—to practice consistently in our daily contact with men the right business standards based on high ideals; to live honestly and steadfastly upright; to recognize our shortcomings, and instead of brooding over our mistakes, strive persistently to conquer our weaknesses—but by such a high purpose we become strong and fix habits that form character, and sound character is the underlying basis of confidence, credit, friendship and things that make life worth while.

As our business relations become more firmly established on these fundamental principles, our national life as a whole will be strengthened.

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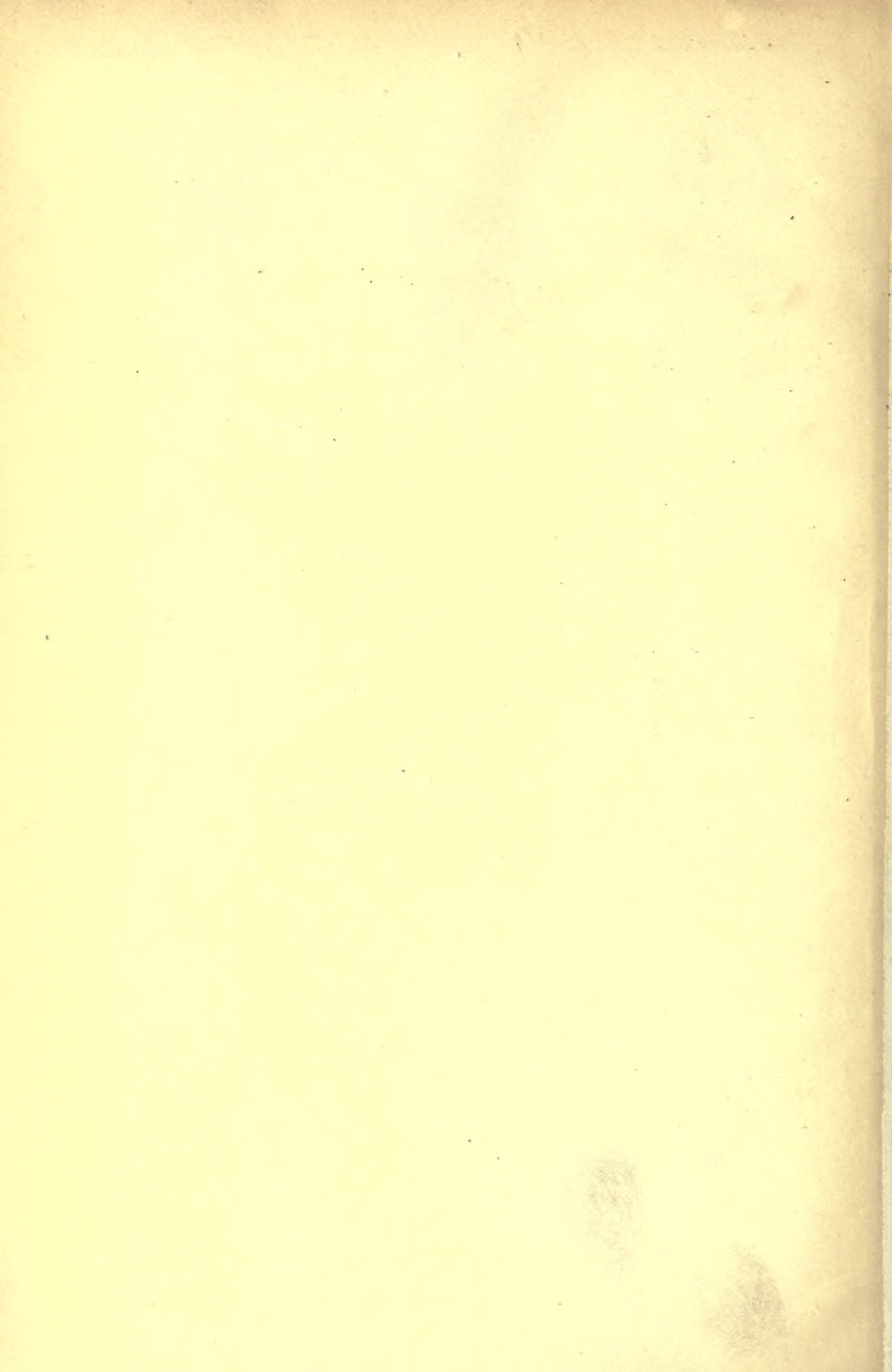
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